

A. 12 (B)

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list of these 800 Cusips?

A. Yeah, that would have been the file that the Finance organization had sent to me that they asked me to look at these 800.

Q. So if I find an e-mail -- I would find an e-mail, presumably, with an attachment of 800 Cusips addressed to you?

A. Yeah, that's reasonable. If not to me, it would have been to somebody either in my organization or to my manager, who subsequently forwarded it to me.

Q. And how do I find out what boxes those 800 Cusips are in now?

A. I honestly don't know.

Q. Were you involved at all since your time at Barclays in any efforts to sell any of the securities that came over to Barclays as part of Schedules A or B?

A. No.

Q. Do you have any knowledge about any efforts to sell those securities?

A. No.

Q. Do you have any understanding about whether they were sold or not?

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A. No.

Q. Do you have any understanding about whether they were sold at prices differing from the ones that are on your sheet?

A. No.

Q. Who would I ask those types of questions to? Who would know that at Barclays?

MR. SHAW: Objection. Foundation.

Answer if you know.

A. Trading desk at Barclays.

Q. Who's in charge of the trading desk at Barclays?

A. Fixed Income would be Harry Harrison.

Q. Okay. Is it fair to say that you have no involvement in the sale of those securities since you've been at Barclays?

A. That's true.

Q. Do you have any involvement in -- and I think I might have asked this previously, but I just want to close this loop -- do you have any involvement in how Barclays accounts for the assets that came over on Schedules A and B?

A. The accounting treatment of the assets?

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Q. Yes.

A. No.

Q. Do you have any involvement in how Barclays translated the values of those securities to its balance sheet?

A. No.

Q. Okay. I think we'll conclude the 30(b)(6) portion of the deposition, but I still have a few more questions to ask you, unfortunately.

A. That's okay.

Q. Mr. Hraska, I'm handing you a copy of an exhibit that's previously been marked as number 25. It's what we have been referring to as the clarification letter. And I know you testified earlier that you had no real familiarity with this, but I wanted to see if you'd just take a minute to review it so I can confirm that.

A. Okay.

(Document review.)

A. I can confirm this is not familiar to me. I haven't seen this document.

Q. Let me just ask it for the record.

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Have you ever seen this document before?

A. No.

Q. If I recall correctly, is it correct to say you have no understanding of why this clarification letter was prepared in connection with the Barclays/Lehman transaction?

A. That's correct.

Q. If you look on page -- the paragraph that ends at the bottom of page 1 and continues on to page 2?

A. Okay.

Q. You'll see references to Schedule A and a Schedule B. You see where I'm referring to?

A. The A and B in parentheses -- oh, no, further down. "As specified in Schedule A," okay.

Q. I know we've been talking about those schedules, but did you have any understanding when you were working on those schedules that they would somehow comprise purchased assets under the agreement between Barclays and Lehman?

A. No.

Q. Okay. If we turn to the next --

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1 **HIGHLY CONFIDENTIAL - J. HRASKA**
2 continuation of that paragraph in item C, you'll
3 see references to exchange-traded derivatives
4 and collateralized short-term agreements, do you
5 see that?
6 A. Yeah.
7 Q. Did you do any work over the week of
8 September 15th on through the weekend in
9 connection with exchange-traded derivatives and
10 collateralized short-term agreements?
11 A. No.
12 Q. Do you recall any efforts to identify
13 assets of this type that were to make its way to
14 Barclays?
15 A. I know there were conversations being
16 had about it, but I wasn't involved with any of
17 them.
18 Q. That was not something that was
19 assigned to you to work on; is that right?
20 A. That's correct.
21 Q. What do you recall about the
22 conversations?
23 A. I recall that I was supposed to attend
24 the conference that got delayed because there
25 was a conference going on about exchanged-traded

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1 **HIGHLY CONFIDENTIAL - J. HRASKA**
2 Q. You see that? Do you recall any
3 discussions during the week of September 15 or
4 thereafter about Barclays paying \$250 million to
5 the DTC?
6 A. No.
7 Q. About paying any amount of cash to the
8 DTC?
9 A. No.
10 Q. About Lehman paying any amount of cash
11 to the DTC?
12 A. No.
13 Q. Do you recall any discussion of a \$250
14 million figure in connection with a dispute
15 involving the DTC?
16 A. No.
17 Q. Did you ever have any understanding
18 about a dispute concerning the DTC during that
19 week?
20 A. No. No.
21 Q. If you continue on to page 4 of this
22 agreement, if you look at paragraph 9, it
23 mentions the deletion of a purchase price
24 adjustment provision. Do you see that?
25 A. I do.

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1 **HIGHLY CONFIDENTIAL - J. HRASKA**
2 derivatives. That's the only thing I really
3 recall about that.
4 Q. Okay. Did you do any work during that
5 week, or even since you've gone to Barclays,
6 with respect to OCC, the OCC or any assets at
7 OCC that are supposed to go to Barclays?
8 A. No.
9 Q. If you continue on this document to
10 page 3, item D, you'll see a reference to a
11 First Amendment. Do you see that?
12 A. Yes.
13 Q. Do you have any understanding of
14 what -- of anything about the First Amendment to
15 the Asset Purchase Agreement between Barclays
16 and Lehman?
17 A. No.
18 Q. Did you know there was such a First
19 Amendment?
20 A. I didn't.
21 Q. If you read further into that
22 paragraph, you'll see the mention of a purchaser
23 paying \$250 million in cash to the DTC, you see
24 that?
25 A. Yeah. Yes.

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1 **HIGHLY CONFIDENTIAL - J. HRASKA**
2 Q. Do you have any understanding of what
3 that's referring to?
4 A. No.
5 Q. Do you recall any discussions during
6 that week about deleting a purchase price
7 adjustment clause?
8 A. No.
9 Q. As it related to the Barclays/Lehman
10 transaction?
11 A. No.
12 Q. Continue on to the next page. You see
13 item 13 days Barclays Repurchase Agreement?
14 A. Okay.
15 Q. And it refers to a repo agreement on
16 September 18, do you see that?
17 A. I do.
18 Q. Is this the first time you've seen
19 this paragraph?
20 A. It is.
21 Q. Do you recall any discussions about
22 terminating that September 18th repo?
23 A. None that I was a part of. Not
24 terminating it, no.
25 Q. How about defaulting under it?

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1 **HIGHLY CONFIDENTIAL - J. HRASKA**
2 MR. SHAW: Objection. Asked and
3 answered.
4 A. Yeah, we -- we discussed that it
5 would -- that we were curious as to whether it
6 would be declared in default in the early part
7 of the week of September 22.
8 **Q. Okay. Prior to that, any discussions**
9 **about whether Lehman would be a default under**
10 **that agreement?**
11 A. No.
12 **Q. You ever hear any discussions about**
13 **whether -- what would happen if Lehman were to**
14 **be in default under that agreement?**
15 A. No.
16 **Q. Under the normal circumstance, what**
17 **happens when a party that has provided**
18 **collateral in a repo defaults?**
19 MR. SHAW: Can you read that one back?
20 (Record read.)
21 A. Normally, the receiver of the
22 collateral retains the collateral in lieu of the
23 repayment of their cash that they had previously
24 extended.
25 **Q. Does he get to retain all of the**

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1 **HIGHLY CONFIDENTIAL - J. HRASKA**
2 **during that week about whether Barclays would be**
3 **entitled to keep the collateral if Lehman were**
4 **in default on the September 18 repo?**
5 MR. SHAW: Objection to form. Which
6 week are we talking about, the 15th or 22nd?
7 MR. HINE: 15th.
8 A. The week of the 15th?
9 **Q. Yes.**
10 A. No.
11 **Q. Did you have any discussions the**
12 **following week about that issue?**
13 A. Yes.
14 **Q. And what do you recall about those**
15 **discussions?**
16 A. Well, there was primarily two
17 discussions. The first discussion is the one I
18 referenced as to whether there would be declared
19 a fall. The second was when the Clearance Team
20 had let us know that Bank of New York had seized
21 the assets that were pledged under the repo.
22 So, at that point, the only time that they can
23 actually take that action is if there's an event
24 of default declared.
25 So, once an event of default is

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1 **HIGHLY CONFIDENTIAL - J. HRASKA**
2 **collateral?**
3 A. Yes. To the best of my knowledge,
4 yes.
5 **Q. So would that include the haircut**
6 **portion of the collateral?**
7 A. The entire basket of collateral which
8 was placed, so, yes.
9 **Q. And that's, based on your experience,**
10 **that's the normal course of business if the**
11 **provider of the collateral defaults?**
12 A. If the provider of the collateral
13 defaults, yes.
14 **Q. And does that change in bankruptcy in**
15 **any way, do you know?**
16 A. I wouldn't know.
17 MR. SHAW: Objection. Calls for legal
18 conclusion.
19 **Q. Do you recall any discussions during**
20 **this week of the 15th and on through the**
21 **following weekend about that issue?**
22 A. No. As I said earlier, the first time
23 we started discussing that was in the week of
24 the 22nd.
25 **Q. Did you ever have any understanding**

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1 **HIGHLY CONFIDENTIAL - J. HRASKA**
2 declared, the clearance bank can actually seize
3 the assets which were pledged under the terms of
4 a normal repo.
5 **Q. I just want to understand the context**
6 **of these discussions. You had two discussions**
7 **and this is the week of September 22, correct?**
8 A. That's correct.
9 **Q. And the first discussion, just remind**
10 **me again, was about --**
11 A. Was about whether or not the repo was
12 going to be declared in default.
13 **Q. And is that on Monday, the 22nd?**
14 A. I don't recall the date. I believe
15 it's Monday.
16 **Q. And is that in connection with the**
17 **closing of the sale transaction between Lehman**
18 **and Barclays?**
19 A. No. At that point, I really wasn't
20 privy to the -- to that transaction. I was,
21 again, my responsibilities are around the repo,
22 so I was focused on the repo itself.
23 **Q. Who did you have these discussions**
24 **with?**
25 MR. SHAW: Asked and answered.

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1 HIGHLY CONFIDENTIAL - J. HRASKA
2 A. My manager, Monty Forrest.
3 **Q. Anyone else?**
4 A. We had a conversation, as I mentioned
5 earlier, with someone from the Margin Team, but
6 I just can't recall who that person was, and
7 Alastair Blackwell.
8 **Q. Did this discussion involve how**
9 **Barclays was going to get the collateral that**
10 **had been posted to the repo?**
11 A. No, this -- the first discussion was
12 just whether or not an event of default would
13 occur. Lehman didn't need to discuss how
14 Barclays was going to get the collateral because
15 all the collateral except for the 7 billion in
16 cash was in Bank of New York's control.
17 So, once it legally became a default
18 or the property of Barclays, that was between
19 Barclays and Bank of New York to work out how
20 Barclays took possession.
21 **Q. And the event of default would be as a**
22 **result of LBI's declaring bankruptcy?**
23 MR. SHAW: Objection. Calls for
24 speculation. Foundation. Legal conclusion.
25 A. I don't know.

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1 HIGHLY CONFIDENTIAL - J. HRASKA
2 transactions, and we talked earlier about
3 substitutions and things like that. Sometimes,
4 you know, there's -- well, maintenance events,
5 in general, would happen to the repo. So at
6 that point we were told to not take any further
7 action on that trade until we knew the status of
8 that trade.
9 **Q. And were you ultimately told that BONY**
10 **had seized that collateral?**
11 A. Yes.
12 **Q. And so does that conclude the repo?**
13 **Is the repo terminated as a result of that?**
14 MR. SHAW: Objection. Calls for legal
15 conclusion.
16 You can answer if you know.
17 A. In my opinion, I concluded that as a
18 result of the assets being taken by BONY.
19 **Q. And so you did no other -- is it**
20 **correct to say that you did no further work as**
21 **to with respect to that repo after that?**
22 A. With regards to the pledge to Barclays
23 or the transfer of assets, that's correct.
24 **Q. Okay.**
25 A. The only other thing that we did is my

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1 HIGHLY CONFIDENTIAL - J. HRASKA
2 **Q. Well, in connection with your**
3 **discussions, what event of default were you**
4 **folks talking about?**
5 A. Yeah, we were -- based on the fact
6 that LBI had declared, that was what we were
7 speculating on, whether or not it would be -- it
8 would call the repo transaction to be in default
9 or not.
10 **Q. Okay. And did they ever do that?**
11 A. Well, based --
12 MR. SHAW: Objection. Foundation.
13 A. I mean, based on the fact that Bank of
14 New York seized the collateral and they moved
15 out of our clearance locations, I concluded that
16 they did, but I didn't see an official document
17 declaring they did.
18 **Q. I understand. What else do you recall**
19 **about that conversation you had on that Monday?**
20 A. The only other thing was is that we
21 weren't to take any further action until we were
22 advised to do so.
23 **Q. Further action in respect of what?**
24 A. In anything at that point. We --
25 typically, there's maintenance events with repo

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1 HIGHLY CONFIDENTIAL - J. HRASKA
2 group helped facilitate the reclassification on
3 the books, because once the repo had terminated,
4 the inventory had to be adjusted to reflect the
5 fact that the repo was no longer on and,
6 instead, the collateral was seized by Barclays.
7 So there was a series of bookkeeping
8 entries that took place to reflect that the repo
9 was now over and that the assets had been seized
10 subsequently by Barclays.
11 **Q. Are you talking about LBI's books?**
12 A. LBI's books, yes.
13 **Q. And so your team helped LBI close its**
14 **books with respect to that repo?**
15 A. Yes, that's correct.
16 **Q. Okay. And so just continue about your**
17 **conversations. You had a second conversation I**
18 **think you related, and please remind me what**
19 **that was about. You were talking about**
20 **conversations you had concerning --**
21 A. So the first conversation was about
22 whether we -- this would be declared defaulted
23 or not, and the second conversation was with the
24 Clearance Team, who had advised me that assets
25 were being currently seized from the Lehman

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1 HIGHLY CONFIDENTIAL - J. HRASKA
2 clearance boxes, which led them to believe, and
3 myself as well, that the repo was now considered
4 in default.
5 Q. And when was this conversation?
6 A. I honestly don't recall a specific
7 date. It was during that week. I don't know
8 which of the days.
9 Q. Okay. And who was that conversation
10 with?
11 A. It was with the Clearance Department.
12 I don't remember specifically which person. I
13 mean, I was on the phone with all of them
14 multiple times throughout all these days.
15 Q. The Clearance Department is LBI's
16 Clearance Department or Barclays Clearance
17 Department?
18 A. LBI's Clearance Department.
19 Q. So this is in a period of time where
20 you said you weren't sure whether you were a
21 Barclays employee yet? You were still assisting
22 LBI in some of its efforts; is that right?
23 A. Yes, that's true.
24 Q. Okay. Anything else you recall about
25 that conversation?

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1 HIGHLY CONFIDENTIAL - J. HRASKA
2 was issued in connection with that Repurchase
3 Agreement?
4 A. I don't, no.
5 Q. Did you ever hear any rumors to that
6 effect or have any understanding as to a Notice
7 of Termination with respect to that agreement?
8 A. I made a conclusion that one would
9 have been issued; otherwise, Bank of New York
10 wouldn't have been able or shouldn't have taken
11 the action they did. But as to when it was done
12 and how it was done, I didn't have any knowledge
13 of that.
14 Q. Okay. Would you normally get like a
15 report or something sent to you if a notice of
16 termination had been sent?
17 A. Myself normally, no. Typically, that
18 would go through the legal teams.
19 Q. Okay. Mr. Hraska, I'm handing you a
20 copy of a document marked as Exhibit 27, which
21 is Bates-marked BCI-EX-00109164 through 165.
22 This is a document I understand to be
23 the Notice of Termination I was just talking
24 about. So I just wanted to ask you if you have
25 ever seen this before.

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1 HIGHLY CONFIDENTIAL - J. HRASKA
2 A. No.
3 Q. Okay. Other than the work you've just
4 described, did you do any more work on the
5 September 18 repo after those two conversations?
6 A. No.
7 Q. Do you recall any discussions or do
8 you have any understanding about the issuance of
9 a Notice of Termination as to the September 18
10 repo?
11 A. No.
12 Q. Let me direct your attention back to
13 paragraph 13. You'll see a --
14 A. What page?
15 Q. Page 5.
16 A. Okay.
17 Q. You'll see on page 5, three little I,
18 under paragraph 13 talks about the Repurchase
19 Agreement terminating, and then if you continue
20 to read, it says the Notice of Termination
21 relating to that Repurchase Agreement is hereby
22 rescinded, do you see that?
23 A. Yes, I see that.
24 Q. Do you have any knowledge or
25 understanding about a Notice of Termination that

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1 HIGHLY CONFIDENTIAL - J. HRASKA
2 A. Can I have a minute to --
3 Q. Sure.
4 (Document review.)
5 Q. Ever seen that document before?
6 A. No.
7 Q. This doesn't remind you of anything
8 about -- seeing it now doesn't refresh your
9 recollection at all about a Notice of
10 Termination issued at or about that time?
11 A. Well, as I mentioned earlier, it
12 wouldn't be common practice for me to get a
13 Notice of Termination, or at least not during
14 the course of the transaction.
15 Q. Okay. So you had no knowledge at the
16 time that such a notice had been issued,
17 correct?
18 A. No.
19 Q. Okay. I have to walk you through a
20 couple e-mails that happened during this week
21 just to see if I could ask a couple questions
22 about select issues. You have given me a lot of
23 testimony here, but I just wanted to touch base
24 on a couple of issues.
25 A. Okay.

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1 HIGHLY CONFIDENTIAL - J. HRASKA
2 (Exhibit 142B, a document bearing
3 Bates Nos. 465401 and 466143, marked for
4 identification, as of this date.)

5 **Q. Mr. Hraska, I'm handing you a copy of**
6 **a document marked Exhibit 142B. It's an e-mail**
7 **dated September 16 in which you are a recipient,**
8 **and attached to it is a document on page 3,**
9 **titled Schedule A. That's the document I will**
10 **be asking you about, so if you take a minute and**
11 **just review this.**

12 A. Okay.

13 MR. SHAW: For the record, did you say
14 September 15 or 16?

15 MR. HINE: I said 16th.

16 MR. SHAW: Okay. Well, just for the
17 record, he was a recipient on an e-mail on
18 the 15th and it was forwarded to other
19 people, but he's not on the forwarded e-mail
20 on the 16th.

21 MR. HINE: Fair enough.

22 (Document review.)

23 A. Is there a possibility of stapling
24 error? It looks like the last two pages are
25 duplicated. Or are they different? They appear

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1 HIGHLY CONFIDENTIAL - J. HRASKA
2 the time, so I had reviewed what the Schedule
3 was.

4 **Q. Okay. What is this schedule for?**

5 A. This schedule is the schedule of the
6 acceptable collateral types in the margins that
7 Barclays was willing to accept on a tri-party
8 transaction, the tri-party transaction that we
9 spoke about earlier in the beginning of the week
10 of the 15th.

11 **Q. I just want to clarify which**
12 **transaction we're talking about. That is not**
13 **the September 18th transaction, correct?**

14 A. This schedule is the schedule that was
15 provided by Barclays for the transaction which
16 was done earlier in the week, the week of the
17 15th, so it was not the 18th, yes, that's
18 correct.

19 **Q. Does this schedule also govern the**
20 **transaction that was entered into on the 18th?**

21 MR. SHAW: Objection. Calls for legal
22 conclusion, foundation, calls for
23 speculation, but if you know, you can
24 answer.

25 A. I don't know.

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1 HIGHLY CONFIDENTIAL - J. HRASKA
2 to be the same, but I just --

3 **Q. It could be a stapling error, but I**
4 **believe --**

5 A. Can you confirm how many pages it's
6 supposed to be? I don't want to have to see if
7 there's a difference between the two.

8 **Q. Why don't we ignore the last two**
9 **pages. We'll just treat it as a four-page**
10 **document.**

11 MR. SHAW: The fax cover page seems to
12 indicate a five-page fax.

13 MR. HINE: I don't know, but I don't
14 think my questions are going to trip you up
15 on that score. Let's ignore the last two
16 pages.

17 A. Okay.

18 **Q. Have you had a chance to look at it?**

19 A. I have, yes.

20 **Q. My question has to do with Schedule A,**
21 **which is the third page of the document. Have**
22 **you ever seen this Schedule A before?**

23 A. I have, yes.

24 **Q. In what context?**

25 A. I was a recipient of that e-mail at

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1 HIGHLY CONFIDENTIAL - J. HRASKA

2 **Q. I think you said earlier, but I just**
3 **want to ask you, we had talked about Master**
4 **Repurchase Agreements, do you recall that?**

5 A. Yes.

6 **Q. And I thought you said, and I'm asking**
7 **you to correct me if I'm wrong, that in early in**
8 **the week when Barclays wanted to -- or, somehow**
9 **they decided to effect this tri-party financing**
10 **that was to start on Monday and go through most**
11 **of the week, that in order to do that, they have**
12 **to amend the MRA; is that right?**

13 A. The MRA is -- is a document governing
14 a repo transaction.

15 **Q. Right.**

16 A. It's not specific to a tri-party
17 transaction. With a tri-party transaction,
18 there's a separate agreement called a tri-party
19 agreement.

20 **Q. Right.**

21 A. That's between, well, as the name
22 suggests, three parties, the seller, which is
23 the dealer, the tri-party agent, and the
24 liquidity provider. That was a document that we
25 were -- or, that I was referring to needed to be

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1 HIGHLY CONFIDENTIAL - J. HRASKA
2 amended at that time.
3 **Q. And is a Schedule A like this**
4 **typically used to confirm which types of**
5 **collateral could be posted towards that**
6 **agreement?**
7 A. Towards a tri-party agreement.
8 Schedule A is typically a form -- is a form
9 that's used in a tri-party relationship on a
10 tri-party document.
11 **Q. Okay. And when I see this schedule,**
12 **you see the column that says "Margin**
13 **Percentage"?**
14 A. Yes.
15 **Q. Is that the haircut that can be**
16 **applied to these different classes of**
17 **securities?**
18 A. Yes.
19 **Q. Okay. Do you know if in fact that was**
20 **the haircut that was applied to these securities**
21 **with respect to the financing that Barclays**
22 **provided the week of the 19 -- the week of the**
23 **15th?**
24 MR. SHAW: Objection. Are we talking
25 about the one on the 18th or the one before

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1 HIGHLY CONFIDENTIAL - J. HRASKA
2 were agreed, but the tri-party agent would have
3 actually carried out the application of the
4 margin.
5 **Q. Now, do these haircut percentages, did**
6 **they also apply to the September 18 repo?**
7 MR. SHAW: Objection, foundation.
8 Calls for legal conclusion.
9 A. I don't know definitively.
10 **Q. Do you know if there's -- would I**
11 **expect to find a separate Schedule A with**
12 **respect to that agreement?**
13 MR. SHAW: Objection. Form.
14 A. I wouldn't expect it, but -- but I
15 don't know because I wasn't part of the
16 documentation on that second agreement.
17 **Q. Okay. You wouldn't expect it why?**
18 A. It was a tri-party-type program and we
19 delivered the assets to BONY under tri-party
20 premises, even though it was a little bit of a
21 hybrid because of the mechanics. So, based on
22 the fact that it -- and it was documented as
23 tri-party, I would expect from an operations
24 perspective that the same schedule would apply,
25 but whether or not there were any exceptions

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1 HIGHLY CONFIDENTIAL - J. HRASKA
2 that?
3 **Q. Let me clarify. I think we had**
4 **previously distinguished between two different**
5 **transactions, one being the repo on the -- on**
6 **September 18th, right? And the other being a**
7 **tri-party arrangement between Barclays, Lehman**
8 **and Chase that started on the 15th and went for**
9 **a couple days?**
10 A. That's correct.
11 **Q. And eventually was not rolled over,**
12 **correct?**
13 A. That's correct.
14 **Q. And am I correct to understand your**
15 **testimony that this Schedule A applied to the**
16 **latter of the two, meaning the one that -- the**
17 **tri-party that provided overnight financing for**
18 **three or four days?**
19 A. That's correct.
20 **Q. My question then is, are these the**
21 **margins that were in fact applied to that**
22 **agreement?**
23 A. The responsible party for applying the
24 margin would have been the tri-party agent in
25 that particular deal. These are the terms that

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1 HIGHLY CONFIDENTIAL - J. HRASKA
2 made because, again, it was a unique
3 transaction, I don't know.
4 **Q. And do you know in fact what haircut**
5 **was applied to the September 18 repo?**
6 A. Only based on the numbers that we
7 discussed earlier. I know that there was
8 approximately a 5 billion, there was 45 billion
9 in cash extended, and about just under 50
10 billion of assets.
11 **Q. Okay.**
12 A. That ties out to some of the schedules
13 we had looked at as well.
14 **Q. I understand. You haven't seen any**
15 **document, have you, that would break that \$5**
16 **billion haircut into different asset classes,**
17 **have you?**
18 A. No.
19 **Q. Okay. I want to skip --**
20 A. On this document still or --
21 **Q. All done.**
22 **I want to skip ahead a little bit to**
23 **your efforts to transfer collateral from the Fed**
24 **to the Bank of New York in connection with the**
25 **September 18 transaction. You remember you**

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1 **HIGHLY CONFIDENTIAL - J. HRASKA**
2 **testified about that earlier?**
3 A. Yes.
4 MR. SHAW: Object. Just so we're
5 clear, I don't think he testified there was
6 a transfer from the Fed to the Bank of New
7 York, unless I misunderstood it.
8 **Q. I think you testified there was a**
9 **movement of collateral from the Fed financing to**
10 **the Bank of New York financing?**
11 MR. SHAW: Right. The question is
12 whether Chase was --
13 **Q. I understand. I'm not trying to**
14 **mischaracterize your testimony. I just want to**
15 **bring you to that period of time where you were**
16 **working on the transfer of collateral that had**
17 **previously supported the Fed to now supporting**
18 **the September 18 repo; do you recall your**
19 **testimony on that?**
20 A. Yes.
21 **Q. Okay. Were there any assets that were**
22 **supposed to be excluded from that?**
23 MR. SHAW: Objection. Foundation.
24 Calls for speculation. Calls for legal
25 conclusion.

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1 **HIGHLY CONFIDENTIAL - J. HRASKA**
2 body of Cusips, and we kept doing look-ups
3 against that body of Cusips to make sure that we
4 were not including those Cusips.
5 **Q. Why did Barclays not want the racer**
6 **securities --**
7 MR. SHAW: Objection. Foundation.
8 **Q. -- posted as collateral?**
9 MR. SHAW: Calls for speculation.
10 A. In my opinion, racer note is something
11 that is backed partially by the credit of
12 Lehman. So if you're extending credit to
13 somebody, you wouldn't want to take collateral
14 of the same credit.
15 **Q. Okay. Is that the only reason?**
16 A. That's my opinion.
17 MR. SHAW: Same objection.
18 A. I don't -- I assume Barclays made the
19 same conclusion, but I don't know.
20 **Q. Okay. Was Barclays unwilling to**
21 **accept as collateral securities that were tied**
22 **to mortgages?**
23 MR. SHAW: Objection to form.
24 A. There, back to what I said earlier,
25 there may have been mortgages or mortgage-type

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1 **HIGHLY CONFIDENTIAL - J. HRASKA**
2 A. There were -- there was a list of
3 eligible collateral types and there was one
4 particular Cusip that was very specifically
5 supposed to be excluded.
6 **Q. Which was what?**
7 A. It was called a Racer Note.
8 **Q. Okay. Who wanted it excluded?**
9 A. Barclays.
10 **Q. Okay. So am I correct to say Barclays**
11 **would not accept that as a form of collateral**
12 **for the September 18 repo?**
13 A. Yes, that's correct.
14 **Q. Did they have any other restrictions**
15 **on the types of collateral that could be posted**
16 **toward the September 18 repo?**
17 MR. SHAW: Objection to form.
18 A. They -- there was a list that was
19 provided, and I believe we referenced the list
20 as we were -- as we were searching for available
21 collateral.
22 **Q. What types of collateral were**
23 **excluded?**
24 A. Honestly, we didn't look at the
25 collateral type so much as we focused on the

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1 **HIGHLY CONFIDENTIAL - J. HRASKA**
2 collateral on that Cusip exclusion list.
3 **Q. Do you know one way or the other**
4 **whether there was?**
5 A. Definitely, no.
6 **Q. When we talk about mortgages, I see**
7 **the phrase "resis," R-E-S-I-S. Is that a term**
8 **you are familiar with?**
9 A. Well, mortgage collateral is a pretty
10 wide array. A resi, a residential mortgage, is
11 a type of mortgage security, yes.
12 **Q. Okay. And did Barclays exclude**
13 **residential mortgages from the list of**
14 **acceptable collateral?**
15 MR. SHAW: Objection to form.
16 A. I don't know whether they excluded it
17 as a complete asset class or not.
18 **Q. Do you recall any discussions about**
19 **whether residential mortgages, mortgage-backed**
20 **securities could be transferred to Barclays**
21 **during that week?**
22 A. I remember there was a discussion of
23 it. I don't remember the outcome of it.
24 **Q. Okay. Do you have any recollection at**
25 **all about it?**

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1 **HIGHLY CONFIDENTIAL - J. HRASKA**
2 A. The only recollection I have is that
3 the person who ran the middle office at the time
4 was -- was involved with looking at the
5 residential portfolio, but other than that, I
6 don't -- I don't know what the outcome of that
7 was.
8 (Exhibit 143B, an e-mail chain, the
9 first in time dated September 17, 2008, at
10 2:42, with attachment, marked for
11 identification, as of this date.)
12 **Q. Mr. Hraska, I'm handing you a document**
13 **marked as Exhibit 143B, which is an e-mail**
14 **stream dated September 18, 2008, and an**
15 **attachment. Will you please take a moment to**
16 **review the document?**
17 A. Sure.
18 (Document review.)
19 A. Okay.
20 **Q. Have you had a chance to look at the**
21 **document?**
22 A. I did.
23 **Q. Have you ever seen this document**
24 **before?**
25 A. Yes, I have.

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1 **HIGHLY CONFIDENTIAL - J. HRASKA**
2 **18 repo?**
3 MR. SHAW: Objection to form.
4 A. That's my understanding of what it
5 was.
6 **Q. And is this the list you then used to**
7 **review the collateral that you were posting to**
8 **make sure it wasn't on this list?**
9 A. We used the list that looked like
10 this. I don't know if this was the final list,
11 but a list that looked like this, yes, was used.
12 **Q. At the subject line of your e-mail, it**
13 **says, "Excluded mortgage asset files." You see**
14 **that?**
15 A. Uh-huh.
16 **Q. Are these Cusips on this list**
17 **primarily mortgaged -- mortgage-related**
18 **securities?**
19 A. They were primarily mortgage and
20 asset-backed-related securities on this list.
21 **Q. So why were they to be excluded as**
22 **collateral?**
23 MR. SHAW: Objection to form.
24 A. I don't know. I was given a list to
25 use in the selection criteria and was told to

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1 **HIGHLY CONFIDENTIAL - J. HRASKA**
2 **Q. What is this?**
3 A. This was an e-mail string that was
4 sent to me and then I forwarded it on to one of
5 the financing traders on the trading desk.
6 **Q. That's Mr. Webb?**
7 A. That's Mr. Webb.
8 **Q. And what's the attachment to this**
9 **document?**
10 A. The attachment to this doc was a file
11 that was a file of assets that Barclays did not
12 want, included on the pledge of the repo.
13 **Q. Is this the list you had previously**
14 **mentioned about excluded assets?**
15 A. Yes.
16 **Q. And this was a list provided by**
17 **Barclays to Lehman?**
18 A. Well, it was provided to me from
19 Lehman. I think the person who originated this
20 is David Petrie. Yes, Dave Petrie was Barclays.
21 So the answer to that would be yes.
22 **Q. So, as I understand it, this was a**
23 **list prepared by Barclays of the items of**
24 **securities that they would not want -- would not**
25 **accept as collateral in support of the September**

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1 **HIGHLY CONFIDENTIAL - J. HRASKA**
2 exclude them, so I don't know.
3 **Q. Do you have any understanding of why**
4 **they might be excluded?**
5 A. No.
6 **Q. Now, when these are excluded, is it**
7 **correct to say that these securities had been**
8 **posted as collateral to the Fed but were not**
9 **allowed to be posted as collateral to the**
10 **September 18 repo?**
11 A. I never cross-referenced the two, so I
12 don't know for certain.
13 **Q. Do you know if the Fed in its**
14 **financing excluded mortgage-backed assets like**
15 **this as being eligible collateral?**
16 A. The Fed excluded certain classes and
17 ratings of mortgages, but in general, the Fed
18 would accept mortgage collateral.
19 **Q. Okay. So is it correct to say that**
20 **this list, this list reflects a change in the**
21 **type of collateral that Barclays would accept in**
22 **connection with the September 18 repo from the**
23 **collateral that had been posted to the Fed**
24 **financing?**
25 A. Well, without knowing whether these

<p>Page 194</p> <p>1 HIGHLY CONFIDENTIAL - J. HRASKA</p> <p>2 specific assets were pledged to the Fed or not,</p> <p>3 I wouldn't know that, whether it represented a</p> <p>4 change.</p> <p>5 Q. Okay. What do you think?</p> <p>6 MR. SHAW: Objection. Calls for</p> <p>7 speculation.</p> <p>8 A. I don't know, honestly.</p> <p>9 Q. Okay. Do you recall any</p> <p>10 discussions -- is it possible that these</p> <p>11 mortgage-related securities were just considered</p> <p>12 too risky by Barclays to be accepted as</p> <p>13 collateral?</p> <p>14 MR. SHAW: Objection. Calls for</p> <p>15 speculation.</p> <p>16 A. It would be a logical conclusion. I</p> <p>17 don't know why, but it would be a logical</p> <p>18 conclusion.</p> <p>19 Q. Okay. Do you recall any other</p> <p>20 discussions during the week of September 15th</p> <p>21 about what types of collateral Barclays would</p> <p>22 not accept in support of the September 18 repo?</p> <p>23 A. I don't know.</p> <p>24 Q. Do you have any understanding about</p> <p>25 whether there were any differences in the types</p>	<p>Page 195</p> <p>1 HIGHLY CONFIDENTIAL - J. HRASKA</p> <p>2 of collateral that could be posted to the Fed</p> <p>3 financing as opposed to the collateral that</p> <p>4 could be used to support the September 18 repo?</p> <p>5 A. No.</p> <p>6 Q. Do you have any understanding about</p> <p>7 whether the collateral that was posted to</p> <p>8 support the Fed repo was in any way riskier or</p> <p>9 less risky than the collateral that was posted</p> <p>10 toward the September 18 repo?</p> <p>11 A. Well, I don't typically determine</p> <p>12 risk, so I wouldn't really necessarily be able</p> <p>13 to determine whether one set of assets is</p> <p>14 riskier than another, to tell you the truth,</p> <p>15 so...</p> <p>16 Q. Okay.</p> <p>17 (Exhibit 144B, a document bearing</p> <p>18 Bates Nos. 10297377 through 10300510, marked</p> <p>19 for identification, as of this date.)</p> <p>20 Q. Mr. Hraska, I'm handing you a copy of</p> <p>21 a document marked as Exhibit 144B. I have very</p> <p>22 few questions about the document, but</p> <p>23 essentially it involves just getting an</p> <p>24 understanding of what this database includes.</p> <p>25 So if you might take a minute to</p>
<p>Page 196</p> <p>1 HIGHLY CONFIDENTIAL - J. HRASKA</p> <p>2 review it, I'll ask you a question or two.</p> <p>3 A. Sure.</p> <p>4 (Document review.)</p> <p>5 Q. Have you had a chance to look at it?</p> <p>6 A. I have.</p> <p>7 Q. You'll see, Mr. Hraska, on the front</p> <p>8 there's an attachment with the title</p> <p>9 "BAR-PDCF-074.XLS." Does that -- well, can you</p> <p>10 explain to me the convention for titling</p> <p>11 databases like this? What is that meant to</p> <p>12 encompass, if you know?</p> <p>13 MR. SHAW: Objection. Assumes facts</p> <p>14 not in evidence. Calls for speculation.</p> <p>15 Q. Let me withdraw that question. Let's</p> <p>16 start again.</p> <p>17 Have you ever seen this document</p> <p>18 before?</p> <p>19 A. I have, yes.</p> <p>20 Q. And what is this?</p> <p>21 A. This is an e-mail that I had -- that I</p> <p>22 had forwarded on to Peter Hadingham, who was on</p> <p>23 the trading desk, the financing trading desk.</p> <p>24 Q. And what is this attachment?</p> <p>25 A. This is a file of collateral that was</p>	<p>Page 197</p> <p>1 HIGHLY CONFIDENTIAL - J. HRASKA</p> <p>2 sourced from clearance box O74 and had been -- I</p> <p>3 believe it had been previously deposited to the</p> <p>4 Fed under the PDCF program.</p> <p>5 Q. Okay. And was this collateral</p> <p>6 eventually transferred or posted as collateral</p> <p>7 for the September 18 repo?</p> <p>8 A. This was collateral that we had --</p> <p>9 that we had contemplated posting. I can't</p> <p>10 verify that all of this collateral was posted,</p> <p>11 but the intention was to take this collateral</p> <p>12 and post it to Barclays.</p> <p>13 Q. Okay. If you look on page 2 of the</p> <p>14 document, you'll see three headings under</p> <p>15 columns E, F and G. I just wanted to get your</p> <p>16 understanding of what they mean.</p> <p>17 The first one is entitled "Market</p> <p>18 Price Factored." Can you explain to me what</p> <p>19 that means?</p> <p>20 A. I don't specifically know what it</p> <p>21 means on this file. I know what "price</p> <p>22 factoring" means, but it doesn't seem, from the</p> <p>23 data in this file, doesn't seem to mean what</p> <p>24 price factoring is.</p> <p>25 Q. What is it typically?</p>

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A. Typically a price factoring is on a mortgage asset, which is a paydown percentage, and you take par and price and multiple it times the factor to get the market value.

In this case, what appears to be happening is that these prices are in -- they're in bond conventions, and to the extent there's an equity Cusip here, the price has been moved over by two decimal places.

So what this is basically I think trying to do is to get you to the same pricing convention so when you multiply times the quantity, you come up with a true market value.

Q. Okay. And the two columns entitled "Market Price Clean" and "Market Price Dirty," do you know what those two are meant to signify?

MR. SHAW: Objection.

Mischaracterizes the document. You misread the second column.

MR. HINE: I apologize.

Q. The column F is "Market Price Clean." Column G says "Market Value Dirty." Do you see that?

A. I do, yes.

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Q. Can you explain to me what those columns are meant to signify?

A. Yes, I can. A clean price is a price not taking into account a accrued interest. A dirty price is one that takes into account accrued interest. Column G is the value with accrued interest being taken into effect.

Q. I gotcha. Thank you very much.

A. You're welcome.

Q. Mr. Hraska, I'm going to hand you a document that's previously been marked as Exhibit 60B. If you wouldn't mind taking a moment to look at it.

A. Sure.

Q. In particular, I'm going to ask you about the second page.

(Document review.)

Q. Have you had a chance to look at it?

A. Yes.

Q. Have you ever seen this document before?

A. Yes, I have.

Q. Could you tell me what it is?

A. Sure. This was an e-mail forwarded

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from Ray Stancil at JPMorgan. It was the anticipated list of collateral that was going to be transferred from Lehman Brothers to Barclays with connection to the September 18 repo that we discussed earlier.

Q. Okay. And this is on Wednesday of that week?

A. This one's actually I believe it was on the -- well, the 18th I think was Thursday morning, I think, was when he sent this. We discussed it on Wednesday, but I'm pretty sure the final version of this was sent on Thursday morning.

Q. Okay. Just could you explain, I want to -- along the left-hand side of this chart, I'm looking at the chart on page 2.

A. Okay.

Q. It has the abbreviations TSLF, PDCF and OMO, do you see that?

A. Yes.

Q. And those are the various Fed programs that this financing was provided under, correct?

A. Yes.

Q. Along the top you see a bunch of

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columns, the first being "Par Amount" and the second one is "Market Column," do you see that?

A. Yes.

Q. What does that reflect?

MR. SHAW: Objection. Compound.

A. The market value is the, as we were talking about earlier, the dirty market value, which is the securities value including accrued interest.

Q. So am I correct to say that's the market value of the collateral that had been posted to the Fed programs, correct?

A. As calculated by Chase, yes.

Q. Okay. And that total calculation is approximately \$49.7 billion, correct?

A. That's correct.

Q. Okay. Now, if you look at the next column, it talks about "paydown amount," you see that?

A. Yes.

Q. What is that column meant to signify?

MR. SHAW: Objection to form.

A. I'm familiar with the term "paydown." The way this data is displayed, it wouldn't be

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2 the way I define "paydown," but you can see that
3 it's a lesser value. So, you know, my
4 impression of what this was was the -- was
5 the -- was the cash that was being extended on
6 this as a result of the program from the night
7 before, but I can't be sure.

8 Q. I'm not sure I understood what you
9 meant. Are you talking about the program from
10 the night before meaning the Fed program that
11 had rolled over another night?

12 A. The Fed program that was on for the
13 night of the 17th.

14 Q. That is Wednesday night?

15 A. That's Wednesday night, yes.

16 Q. Okay. So I'm not sure I understood
17 your explanation. What is paydown amount?

18 A. Paydown amount would be the -- paydown
19 amount would be the proceeds that would be -- I
20 guess, simply put, it would be the value that
21 was given to the securities after haircut,
22 probably the simplest way to put it. So this
23 amount would -- in other words, this amount of
24 securities, 49 million, would support a loan in
25 the value of 43,457,000.

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2 and these were their requirements to release the
3 collateral, the way I read this was that that
4 was the case, and having discussions with Chase,
5 I found out that, no, that was not the case,
6 that they were expecting an amount of 45
7 billion.

8 Q. And did they ever explain to you why
9 the difference?

10 A. No.

11 Q. Did they ever explain to you what this
12 column was to signify in their view?

13 A. No.

14 Q. Okay.

15 MR. SHAW: We've been going over an
16 hour, Bill, if we could take a short break.

17 MR. HINE: Sure.

18 (Recess; Time Noted: 2:28 P.M.)

19 (Time Noted: 2:39 P.M.)

20 BY MR. HINE:

21 Q. Mr. Hraska, could you pull out the
22 exhibit we were talking about before we broke,
23 which I think was Exhibit 18.

24 MR. SHAW: 60B?

25 Q. I'm sorry, 60B.

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2 Q. Okay. And then if you see the next
3 column, it talks about "Anticipated Prefunding
4 Dollar Amount." Do you see that?

5 A. Yes.

6 Q. And now -- and that totals to 44.2
7 billion, you see that?

8 A. Yes.

9 Q. What does that column signify?

10 MR. SHAW: Objection to form.

11 A. I don't know. Actually, I questioned
12 that at the time. My impression was that was
13 the amount that was going to be wired to Chase
14 to release the collateral, but it turned out not
15 to be the case and I was never explained as to
16 why that was not the case. Because, as you
17 know, it turned out to be 45 billion, so I don't
18 know.

19 Q. So you, just so I understand what you
20 are saying, you, at the time, you thought 44.2
21 billion would be the amount that had to be wired
22 to Chase to release the Fed collateral that was
23 then going to be transferred to the September
24 18th repo?

25 A. Being that this was provided by Chase,

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2 Because you might want to refer to
3 that when I hand you the next exhibit. So I
4 don't have any questions on that specifically,
5 but let me hand you another document that's been
6 marked as Exhibit 125. If you could take a
7 moment to review that before I ask you a
8 question, I would appreciate it.

9 (Document review.)

10 A. Okay.

11 Q. Have you had a moment to look at it?

12 A. Yes.

13 Q. Mr. Hraska, turning to Exhibit 125,
14 have you ever seen in document before?

15 A. Yes.

16 Q. What is this document?

17 A. This is a document that was prepared
18 by Nancy, who works for me. It was how we had
19 broken up the -- how we had broken up what we
20 called the tri-party shells or how we had
21 assembled the baskets of collateral that we were
22 going to be pledging over to Barclays.

23 Q. Can you explain to me what you mean by
24 that, tri-party shells?

25 A. In a tri-party transaction, you are --

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2 you're lending securities based off of, as we
3 talked about, the schedules and typically
4 according to asset classes and requirements. So
5 you typically book the money amount that's going
6 to be associated with a generic bucket of
7 securities that will fit these criterias, and
8 that loan amount or that dollar amount is --
9 what you book is called typically a shell. By
10 some firms, it's known as a loan amount.

11 So it's sort of the dollar value that
12 you're going to associate a various basket of
13 securities to.

14 Q. Okay. And is that what's called the
15 booking amount?

16 A. These -- the booking amounts would be
17 the dollar value of the loan, yes.

18 Q. And the baskets of securities, are
19 those listed on the left-hand column coming from
20 various Fed programs; is that right?

21 A. That's correct, yes.

22 Q. And could you just walk me through the
23 different columns on this chart and explain to
24 me what each column signifies? We can start
25 with the column that totals down to \$47.5

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2 billion. Do you see that column?

3 A. Yes.

4 Q. Do you know what that column is
5 supposed to represent?

6 A. The total market value of the
7 securities.

8 Q. And these are the securities that have
9 been posted to the Fed financing programs?

10 A. These were the securities that we had
11 that we were anticipating pledging over to the
12 Barclays transaction for the 18th.

13 Q. So this document that we had
14 previously talked about how \$8 billion never
15 made it, we had long discussions about that, but
16 this chart is prepared prior to that?

17 A. This was prepared prior to that.

18 Q. So this is what you are anticipating
19 being able to take from the Fed programs over to
20 BONY; is that right?

21 A. Actually, looking at the date of this,
22 this -- this was prepared later that evening.
23 So this must have been where we were at a
24 particular point in time, or where we -- what we
25 had booked at a particular point in time, not

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2 necessarily what was delivered yet at that
3 particular point in time.

4 Q. I guess, could you explain that to me
5 in terms of the different columns?

6 A. These columns represent items that
7 were actually booked on our systems. That
8 trade, as we talked about, there were different
9 collateral classes and substitutions that
10 happened all day based on deliveries, available
11 in the box, that kind of thing.

12 So we were using this spreadsheet to
13 try to capture all of the collateral that we
14 were looking and the market value that we were
15 booking, so these were the amounts that were
16 being booked. From the time stamp, I can see it
17 was 7 o'clock, so it was -- we weren't done
18 until much later in the evening, so it was a --
19 this is an interim file, basically. It's not
20 the beginning file. And it's not at the end of
21 the day. It's not the ending file either. It
22 was an interim step around 7 o'clock.

23 Q. So if I found a file entitled
24 BarCapSummary.xls, later than this, I would
25 eventually get to a final file?

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2 MR. SHAW: Objection to form.

3 A. There is a final file, yes.

4 Q. Okay. And it would have the same
5 title as this file?

6 MR. SHAW: Objection to form.

7 A. I don't know whether it would have the
8 same title.

9 Q. Okay. Would Ms. Denig probably know
10 that?

11 MR. SHAW: Objection to form.

12 A. She would know whether she prepared a
13 file. Again, whether it was the final file she
14 may not necessarily know.

15 Q. Was she charged with monitoring this
16 process?

17 A. Yes.

18 Q. Okay. So is she the originator of
19 this chart?

20 A. She is the originator of, yes, this
21 format.

22 Q. This chart is a snapshot at some point
23 during that day of this transfer?

24 A. Yes, that's correct.

25 Q. Okay. Now, just so I understand the

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different columns, the first column that totals to \$47.5 billion, approximately, is the market value of the securities that had been posted to the Fed programs?

A. That's what I believe that to be, yes.

Q. Okay. What is the next column, which starts with \$7.1 billion, what is that column?

A. To be honest, I actually don't recall what that specific amount is. I can venture a guess, but I would rather not.

Q. Venture a guess, if you don't mind.

MR. SHAW: Calls for speculation.

A. My guess is it's the par amount of the -- of the securities.

Q. And then the next column totals to \$44.2 billion, you see that?

A. Yes.

Q. And do you know what that column represents?

A. That would have represented the principal proceeds of the repo or the amount after haircut.

Q. Okay. And what does the last column represent, do you know?

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A. No, unfortunately, I actually don't know what the next column is.

Q. The \$44.2 billion that you just testified about, does that relate in any way to the \$44.2 billion on the previous exhibit?

MR. SHAW: Objection to form.

A. It was what we believed we need to fund over to Chase as per the column of this previous spreadsheet. So in our initial bookings that's where we were trying to get collateral that ultimately totaled the amount equal to that amount.

Q. And later you learned that it had to be 45 billion?

A. That's correct.

Q. Mr. Hraska, in the interest of trying to save you looking through another chart, I see one spreadsheet that's entitled Depot Analysis. Do you recall what that is?

A. No, not off the top of my head.

Q. Let me show it to you then.

(Exhibit 145B, a document bearing Bates Nos. 10328099 through 10319396, marked for identification, as of this date.)

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Q. Mr. Hraska, I'm handing you a documents marked as Exhibit 145B.

A. Okay.

Q. And as promised, it's -- it has the attachment entitled Depot Analysis. Do you see that?

A. I do, yes.

Q. If you wouldn't mind taking a moment to take a look at this document.

Just for the record, it's an e-mail dated September 21, 2008, from Mr. Hraska to Monty Forrest and Mark Lee.

(Document review.)

A. Okay.

Q. Have you had a chance to look at it?

A. I have, yes.

Q. Have you ever seen this document before?

A. Yes.

Q. Will you tell me what it is?

A. This is a document that -- the e-mail's a document that I created with an attachment that I worked on with Nancy Denig and Bill Parrinello over the weekend of the 20th and

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21st. It was -- it was our analysis of available unencumbered assets that we had referenced earlier in the testimony.

Q. Okay. Is this -- okay. You testified I think earlier about an effort to locate unencumbered assets, and this is an analysis you did in that regard?

A. Yes.

Q. Is this the list of unencumbered assets that you came up with?

A. This is a list. On the course of that weekend, there was I would say over a dozen lists that were as we went through it and we revised it and things like that. I mean, it was -- this list was created or sent at 7:36 in the morning. I'm not sure that this is the final list, but this was a later version of the list, yes.

Q. Why is it called Depot Analysis?

A. A depot is another name for a clearance box, depository, depot. It's just an industry slang term. The 9/19 date was referencing the fact that this was the close of business 9/19.

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1 HIGHLY CONFIDENTIAL - J. HRASKA
2 Q. When I see the title, it says
3 "9/19/2008.5." Does this suggest that it's a
4 version 5 of this analysis?
5 A. I would say yes.
6 Q. And would it be your expectation that
7 if I looked through the files, I should find
8 later versions of this analysis?
9 A. I don't know for certain. I know that
10 we worked all through Sunday, so it's a --
11 there's a good chance there may be a different
12 file later, but ...
13 Q. Okay. Does this analysis ultimately
14 identify the \$1.4 billion worth of securities
15 that we talked about earlier that were
16 transferred to Barclays?
17 A. No.
18 Q. Okay. What is the end product of this
19 analysis? I'm trying to understand how this
20 analysis fits into the testimony you gave
21 earlier about the 1.4 billion and the 800
22 Cusips. So I'm just trying to understand what
23 is the end product of this analysis?
24 A. The end product of this analysis is
25 that this was sent over as available collateral

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1 HIGHLY CONFIDENTIAL - J. HRASKA
2 A. No.
3 Q. If you look on page 2 of this
4 document?
5 A. Uh-huh.
6 Q. I just wonder if you can explain to me
7 the last two columns -- I'm sorry.
8 A. Page 2 or a different page?
9 Q. The first page of the chart.
10 A. This is what I've got. Summary, that
11 page? Or the spreadsheet first page?
12 MR. SHAW: Use the Bates numbers.
13 Q. Let me see if I'm referring to the
14 correct document. I have a misprint in my
15 document.
16 Page 3 of the chart.
17 A. Okay.
18 Q. You see column F says "Firm DTC MV"?
19 A. Yes.
20 Q. What does that column represent?
21 A. That represents a market value which
22 was held in GFS, which is the system we
23 referenced earlier.
24 Q. Okay.
25 A. So that would have been the market

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1 HIGHLY CONFIDENTIAL - J. HRASKA
2 to be transferred. I can't confirm a hundred
3 percent that the assets that are in the 1.4 list
4 are all on this list.
5 Q. Okay. I think you testified earlier
6 that you sent a list over of unencumbered
7 assets. Am I correct to say that \$1.4 billion
8 worth of those assets on that list eventually
9 did make it to Barclays, right?
10 A. I sent over a list of unencumbered
11 assets and 1.4 billion of assets made it to
12 Barclays. I can't be sure that it's the same
13 1.4 that was on the final list that I sent over.
14 Q. Okay. And is the list that you sent
15 over entitled Depot Analysis or was that a
16 separate list?
17 A. I don't recall what the final name
18 was.
19 Q. Okay. What is the analysis part of
20 it?
21 A. The analysis was trying to determine
22 whether the securities were available or
23 unencumbered.
24 Q. Did the analysis entail valuing those
25 securities at all?

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1 HIGHLY CONFIDENTIAL - J. HRASKA
2 value that GFS had assigned to that position.
3 Q. Why does it say "DTC"?
4 A. GFS was a database storage of multiple
5 pricing sources, and in addition to Lehman's
6 marks, in some instances we -- GFS also took in
7 how the depository knew the value of the
8 collateral to be.
9 Q. Okay. And the previous column says
10 "Firm DTC POS," you see that?
11 A. Yes.
12 Q. What does that column represent?
13 A. Those represent the firm positions.
14 Q. "Positions" meaning numbers of
15 securities or dollar value?
16 A. Numbers of securities.
17 Q. Okay. Now, if you turn to the second
18 page of the chart, you'll see a chart which
19 totals \$1.19 billion, you see that?
20 A. The second page of the document, not
21 of the chart?
22 Q. Yes, I'm sorry. You're right.
23 Is 1.19 billion the value of the list
24 of unencumbered assets that you sent over to
25 Barclays?

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HIGHLY CONFIDENTIAL - J. HRASKA

A. It was the market value that GFS assigned at the time of the creation of this particular file.

Q. Okay. But you don't know if this is the final list, correct?

A. I don't know.

Q. At this particular time, GFS assigned that value to this list of securities; is that right?

A. That's correct.

Q. Mr. Hraska, I'm handing you a copy of a document previously marked as Exhibit 75B, which is an e-mail stream dated September 20. Please take a moment to take a look at it.

(Document review.)

A. Okay.

Q. Have you had a chance to look at it?

A. I have.

Q. Have you ever seen this document before?

A. Yes, I have.

Q. What is this?

A. This is an e-mail that I was a

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recipient on. It was one of the -- one of the status updates when we were trying to identify unencumbered collateral in various sources.

Q. If you look -- so am I correct this is in connection with your efforts to identify unencumbered assets that could be transferred to Barclays?

A. Yes.

Q. If you look at the bottom of the first page, it says, "Goal is 1.9 billion in unencumbered." You see that?

A. I do.

Q. Was that the goal you folks were shooting for at the time?

A. That was the goal as it was described to me, yes.

Q. Who described it to you like that?

A. Monty Forrest.

Q. Okay. And where did that goal come from?

A. I don't know.

Q. I thought I heard you say previously that the effort was simply to find as many unencumbered assets as possible; is that right?

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A. Yes, that's correct.

Q. How does the \$1.9 billion goal fit in with that? It seems like a very specific target to be shooting for.

A. I don't know where specifically that number came from. In my mind, I was looking for as many unencumbered collateral pieces that I could because I still was unsure of the status of that repo transaction that we talked about, the September 18 repo, where we pledged the 7 billion in cash.

So in my mind I needed to come up with assets that would continue to be able to substitute that collateral versus cash, and at that point, I was still unsure whether or not anything further was going to happen on that transaction or not. So I was looking for an unencumbered collateral. You know, they gave us this goal of 1.9 billion, but, you know, in my line of work, it's, you know, to the extent that you are given a task to find an unencumbered collateral, it's usually best to find the entire population. And to the extent somebody gives you 1.9, you say, great, I've done it. If it

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turns to 2.9, you have to do it again.

Q. So was the search for unencumbered collateral an effort to find replacement collateral for the cash?

MR. SHAW: Objection to form.

A. I was looking to find unencumbered collateral. You know, the firm may have had its own specific goal of the 1.9, in which I was trying to ascertain at least 1.9, because that's what they were looking for. But I was specifically not tied to 1.9 as, you know, the only thing that I was going to find. I was looking to find as many unencumbered collateral as I could.

Q. I guess I want to understand what -- I thought you had previously said that you found \$1 billion in unencumbered collateral that was then posted towards the \$7 billion in cash and you had hoped to receive the \$7 billion or some of that cash back, right?

A. That's correct.

Q. Now, was that effort to find unencumbered collateral different from this goal of 1.9 billion?

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A. I've subsequently learned that this 1.9 was different than the effort to search for unencumbered collateral on this weekend. At the time of that weekend, you know, I was again searching for unencumbered collateral in its entirety. So, in my mind, you know, we still needed to do a substitution on that cash event.

Q. Okay.

A. And until I was told otherwise, I was going to try to find collateral that potentially fit the bill for that.

Q. Okay. What did you learn subsequently that was different than what you understood at the time?

A. Well, you know, subsequently, I was made aware of, you know, Schedule B, which had some, you know, 1.9 to 2 billion dollars worth of, you know, collateral on it. But at the time, I wasn't aware of that.

Q. Okay. So now it's your understanding that the \$1.9 billion goal was in connection with preparing the Schedule B?

MR. SHAW: Objection.

Mischaracterizes prior testimony.

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A. I'm sorry, could you repeat the question?

Q. Is it now your understanding, notwithstanding what you understood at the time, is it now your understanding that the \$1.9 billion goal was, with respect to the search for unencumbered collateral, was to prepare securities that would go to Barclays under Schedule B?

MR. SHAW: Objection to form.

A. Could you read back to me --

(Record read.)

A. Yes.

Q. Okay. Now, further up on this e-mail we see a report apparently by Mr. Forrest of the latest status, or some form of status report. Can we just go through those items and tell me what you recall about those items?

It says 800 million at BONY. Do you see that?

A. Yes.

Q. And what's that referring to?

A. Honestly, I don't recall what that 800 million was.

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Q. Okay. And did that 800 million eventually make its way to Barclays?

MR. SHAW: Objection. Foundation.

A. Stating that it's at BONY would have indicated that fact, because we didn't have -- Lehman didn't have a relationship with BONY, so...

Q. Okay. Then further down, number 2, you see it references 746 million in O74, see that?

A. Yes.

Q. And what does that reflect?

A. That's referring to, at the time of this, it was believed that there was 746 million in market value in securities unencumbered in O74.

Q. And did that collateral make its way to Barclays?

MR. SHAW: Objection to form.

A. I don't know whether that 746 reference here made it to Barclays or not.

Q. Do you know whether the collateral in the O74 account was -- made its way to Barclays?

A. Some collateral in O74 made it to

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Barclays, yes.

Q. Some did not?

A. That's correct.

Q. How much did not?

MR. SHAW: Asked and answered.

A. There's a portion in O74 that's still outstanding, hasn't made it to Barclays.

Q. Do you know how much?

MR. SHAW: Asked and answered.

A. I believe that amount to be somewhere in the neighborhood of 6 to 7 hundred million.

Q. Is that the 800 Cusips that you mentioned earlier?

A. No, as I had mentioned earlier, there was the original list which had the discrepancy of 800 Cusips, and there was a separate analysis which produced different collateral that was available, potentially, to be transferred.

Q. Okay. And that's the 6 or 7 hundred million that you're discussing that you just mentioned did not make it to Barclays?

A. That's correct.

Q. Then we see in item number 3 a reference to 435 million in Canada, do you see

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1 **HIGHLY CONFIDENTIAL - J. HRASKA**
2 **that?**
3 A. Yes.
4 **Q. What is that referencing?**
5 A. Unencumbered market value in our
6 Canadian depository.
7 **Q. And did those securities make it to**
8 **Barclays?**
9 A. No.
10 **Q. Where are they now? Still in that**
11 **same depository?**
12 A. I don't know for certain, but it would
13 be my assumption, yes.
14 **Q. Does Barclays think they're entitled**
15 **to that collateral?**
16 MR. SHAW: Objection to form. Calls
17 for speculation.
18 A. I don't know.
19 **Q. And you see the next item, number 4,**
20 **300 million in mortgages in 636. Do you see**
21 **that?**
22 A. Yes.
23 **Q. What is that referring to?**
24 A. Market value of securities held in our
25 depository at DTC Number 636.

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1 **HIGHLY CONFIDENTIAL - J. HRASKA**
2 **Q. So how did it end? Did you think you**
3 **had to continue searching?**
4 A. This was pretty early on in the
5 weekend. It was only Saturday at 8:30 P.M. So,
6 you know, this continued to go on because there
7 were -- I don't remember what the nature of the
8 circumstances are, but I remember we continued
9 to search for collateral for pretty much the
10 whole rest of the weekend.
11 **Q. So the 1.9 billion goal was put aside**
12 **and just kept searching?**
13 A. I don't believe that the 1.9 billion
14 goal was set aside. It was just a matter of
15 there might have been some either additional
16 problems in the collateral that we identified or
17 we were doing verification exercises like
18 looking at securities in depositories and
19 accounts on our stock record to make sure that
20 everything tied out. And so throughout some of
21 those additional reconciliations, some of the
22 previous things that had been identified had to
23 be revised.
24 **Q. Okay. I wanted to ask you one**
25 **follow-up question about I think we previously**

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1 **HIGHLY CONFIDENTIAL - J. HRASKA**
2 **Q. And did that collateral make it to**
3 **Barclays?**
4 A. I don't know how much of that or if
5 any of that collateral made it to Barclays.
6 **Q. Okay. Then the next line says a**
7 **total -- this totals to 2.18 billion. You see**
8 **that?**
9 A. I do, yes.
10 **Q. Does that mean you made your goal of**
11 **1.9 billion?**
12 A. That would indicate that we had enough
13 collateral to satisfy the collateral
14 requirement, yes.
15 **Q. Do you recall any discussions about**
16 **whether you made the goal of 1.9 billion?**
17 A. No.
18 **Q. Did you think at the time that you had**
19 **achieved the goal of 1.9 billion?**
20 A. Based on this mail, I thought that I
21 achieved what was asked from me by Monty, yes.
22 **Q. Did anyone call you up and say,**
23 **congratulations, you made the goal of 1.9**
24 **billion?**
25 A. No.

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1 **HIGHLY CONFIDENTIAL - J. HRASKA**
2 **were discussing the list of excluded assets. Do**
3 **you recall that testimony?**
4 A. Yes.
5 **Q. That was a list of assets that**
6 **Barclays would not accept as collateral for the**
7 **September 18th repo, right?**
8 A. Yes.
9 **Q. And one of the assets that they would**
10 **not accept are the racer notes that you**
11 **mentioned, right?**
12 A. That's correct.
13 **Q. Do you know the value of those racer**
14 **notes at the time?**
15 A. Approximately 5 billion.
16 **Q. 5 billion?**
17 A. Yes.
18 **Q. Okay. Do you know the value of the**
19 **pool of excluded assets that had been posted to**
20 **the Fed financing but Barclays would not accept**
21 **in the September 18 repo?**
22 A. No.
23 **Q. Did you make an effort to look through**
24 **the collateral that had been posted to the Fed**
25 **and exclude out those items that Barclays would**

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not accept as collateral for the 9/18 repo?

A. Yes, we did look-ups on the securities we were going to pledge to make sure that they were not on that excluded list.

Q. Okay. And did you have any sense of the value of the ones that were excluded because of that review?

A. No. Once they were excluded, we didn't keep track of what was excluded. It was, in our mind, there was no need to because we weren't going to pledge it.

Q. Do you recall if it was a substantial amount of securities?

A. Well, we didn't do it as one exercise. As we went and found baskets of securities in groups, we might have found exceptions in that exercise with multiple iterations. So I don't honestly recall how many were on that list.

(Exhibit 146B, a document bearing Bates Nos. BCI-EX-(S)-00014389 through 14393 with attachment, marked for identification, as of this date.)

Q. Mr. Hraska, I've handed you a copy of a document marked as Exhibit 146B. It is

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Bates-stamped BCI-EX-(S)00014389 through 14393, and then there are a series of attachments which don't have Bates stamps.

A. Okay.

Q. Have you had a chance to take a look at the document?

A. Sure.

(Document review.)

A. Okay.

Q. Have you had a chance to look at it?

A. I have, yes.

Q. Have you ever seen this document before?

A. Yes, I have.

Q. Can you tell me what it is?

A. This was an e-mail sent by Robert Azerad who's on Paolo Tonucci's team in the Treasury Department. He had been given a file that Barclays had worked on comparing it to -- comparing what they believed to be what Lehman knew to deliver versus what Barclays had known was delivered, and there were a few discrepancies in the Fed items versus a few hundred discrepancies in the DTC bucket of

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collateral. So he asked us to look into it and try to reconcile through why there was these particular discrepancies.

Q. And were you able to do that?

A. We were, yes.

Q. Why were there such discrepancies?

A. I'm not sure why there were discrepancies with the information provided. We -- we verified that the information that we had originally provided was correct, so I don't know the sourcing of the file that -- or of the information that they relied on when they created this.

Q. Now, is this -- I take it this e-mail is sent in connection with your reconciliation effort that you talked about earlier?

A. We had -- we had done a reconciliation -- well, there were, to be clear, there were multiple reconciliation efforts that were done after this transaction, but my group had performed a reconciliation effort with -- with the Bank of New York and the Operations folks at Barclays, you know, prior to receiving this and we were -- we were reconciled with

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respect to the number of securities and the Cusip identifiers, as we had talked a little bit earlier about.

Q. And you said that your records tied in with Barclays records on that score, right?

A. That's correct, yes.

Q. And so why did this come up later?

A. I honestly don't know.

Q. Are these from a different set of records?

A. My presumption is that, yes, and they were, in my opinion, incomplete records because they were missing securities.

Q. So the Barclays records which appear to show a thousand-some-odd Cusips missing were incomplete?

A. I don't think there was a thousand missing.

MR. SHAW: Objection.

Mischaracterizes the document.

Q. Let's read through this e-mail here for a second. It says you'll see in the larger -- largest paragraph on the first page it says, "For DTC settled securities, there are

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1 **HIGHLY CONFIDENTIAL - J. HRASKA**
2 **1,165 Cusips that are in the Barclays file but**
3 **not in the Lehman file, and 1,563 Cusips that**
4 **are in the Lehman file but not in the Barclays**
5 **file." Do you see that?**
6 A. That's correct. Okay. So when I read
7 that earlier, I took the difference between the
8 two, not looking that they were different in
9 totals between the two.
10 Q. But so you looked into that issue,
11 right?
12 A. Yes.
13 Q. And you concluded that Lehman's
14 records were correct and Barclays had incomplete
15 files; is that right?
16 A. I concluded that the records that
17 Lehman had that we compared to the records that
18 Barclays Operations folks had were in line. I
19 don't know the source of the file for this
20 comparison, but I found this comparison to be
21 faulty.
22 Q. Okay. So you were still satisfied
23 that the initial reconciliation that you did
24 with the Operations folks at Barclays is
25 correct?

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1 **HIGHLY CONFIDENTIAL - J. HRASKA**
2 **is showing?**
3 A. What this chart is showing is the
4 substantiation of the records that are listed on
5 the first page in this paragraph that you just
6 referenced.
7 The left side are the Fed settled
8 securities on the top, and to the left are what
9 Barclays, according to this analysis, knew and
10 here what Lehman knew. And similarly, further
11 on to the right, for DTC settled assets, the
12 same thing.
13 Q. So am I correct in reading this that,
14 with respect to the Fed settled Cusips, the
15 amount in dispute was 186, approximately \$186
16 million?
17 A. Market value, according to this
18 analysis, that's what this document would
19 indicate, yes.
20 Q. And the amount of the value of the
21 Cusips in dispute on the DTC settled side was
22 20-some-odd million dollars?
23 A. According to this document, yes.
24 Q. Do you have any knowledge one way or
25 the other whether that's correct or not?

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1 **HIGHLY CONFIDENTIAL - J. HRASKA**
2 A. Yes.
3 Q. Okay. And did you report that back to
4 Mr. Azerad?
5 A. I did, yes.
6 Q. And any further action on this score?
7 A. No.
8 Q. Have you heard about this issue again?
9 A. No.
10 Q. Okay. So is it your understanding
11 that it's been resolved?
12 A. I never heard about it again, so from
13 my perspective, it's resolved.
14 Q. Okay. What explains the five Cusip
15 difference in the Fed settled securities that
16 are referenced in the first paragraph?
17 A. I don't recall specifically what those
18 differences were or even if there were
19 differences just as there really weren't, in my
20 opinion, differences here on the DTC securities.
21 Q. Okay. If you turn to the first
22 attachment, which is a one-page attachment after
23 the first blue sheet in the document.
24 A. Okay.
25 Q. Can you explain to me what this chart

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1 **HIGHLY CONFIDENTIAL - J. HRASKA**
2 A. I just testified that I didn't think
3 the value of this analysis was worth anything.
4 So, in my opinion, it's not valid.
5 Q. Okay. Do you know if any adjustments
6 were made in the valuations of securities as a
7 result of your reconciliation of this issue?
8 A. I don't know.
9 Q. Okay. Could you just identify for me
10 the next two items behind the next two blue
11 sheets, the first --
12 A. So this is the first blue sheet?
13 Q. The first blue sheet which says -- up
14 in the upper left-hand column which says,
15 Source: Barclays," you see that?
16 A. Yes.
17 Q. What is this spreadsheet?
18 A. This --
19 Q. Let me ask it a different way maybe.
20 A. Okay.
21 Q. Is this one of the spreadsheets that
22 are referenced on the first page of the first
23 e-mail?
24 A. Yes, this appears to be the supporting
25 documentation that supports the summary totals

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1 HIGHLY CONFIDENTIAL - J. HRASKA
2 that we just discussed.

3 Q. Okay. If I look on the front page of
4 the e-mail, the first e-mail, it references
5 looks like a file entitled "Barclays Financing
6 Collateral Lists, BARC Ops," is that this
7 database?

8 A. I don't know.

9 Q. Okay. How about the last database
10 behind the final blue sheet, do you know what
11 that document is?

12 A. Again, I'd have to speculate that it's
13 the supporting documentation to the other
14 summary totals.

15 Q. Okay. Do you know which one -- I see
16 on the opening e-mail there's a document
17 entitled "Corrected Thursday Transfers to
18 Barclays. BONY Agreed." You see that?

19 A. I do, yes.

20 Q. Is that one of these two lengthy
21 databases at the end, do you know?

22 A. I don't know.

23 MR. HINE: Okay. I think, Mr. Hraska,
24 I have no further questions for you. Thank
25 you very much for your time. I think some

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1 HIGHLY CONFIDENTIAL - J. HRASKA
2 of my colleagues might.

3 (Discussion off the record.)

4 (Recess; Time Noted: 3:26 P.M.)

5 (Time Noted: 3:31 P.M.)

6 EXAMINATION BY

7 MR. OXFORD:

8 Q. Mr. Hraska, we met off the record, but
9 let me introduce myself on the record. I'm Neil
10 Oxford and I'm with Hughes, Hubbard & Reed. We
11 represent the SIPA Trustee.

12 A. Okay.

13 Q. You testified that sometime after the
14 closing of the transaction you learned that
15 Barclays purchased the unencumbered assets of
16 LBI's clearance boxes, correct?

17 A. Can you specify, when you say "the
18 closing of the transaction," which transaction
19 you're referring to?

20 Q. I mean the closing of the sale of
21 LBI's assets to Barclays on the 22nd of
22 September?

23 A. Okay. So I'm sorry, can I ask you to
24 repeat the whole question based on that?

25 (Record read.)

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1 HIGHLY CONFIDENTIAL - J. HRASKA

2 A. That's correct.

3 Q. From whom did you learn that?

4 A. Paolo Tonucci.

5 Q. When did Mr. Tonucci advise you of
6 this?

7 A. I don't recall a specific date.

8 Q. Do you recall whether it was shortly
9 after the closing on the 22nd of September?

10 MR. SHAW: What do you mean by
11 "shortly after"?

12 Q. Well, was it within a week, within a
13 month of that closing?

14 A. It was within a month, yes.

15 Q. Can you tell me anything else you
16 remember about that conversation with Mr.
17 Tonucci?

18 A. I remember that he had said that, as a
19 result of this transaction, we were to search
20 for all of the assets that were considered
21 unencumbered in the Lehman boxes.

22 Q. From whom did you get your
23 instructions over the weekend of the 20th and
24 21st to search for unencumbered assets? Was
25 that Mr. Forrest?

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1 HIGHLY CONFIDENTIAL - J. HRASKA

2 A. My direct instructions came from Mr.
3 Forrest as my supervisor, yes.

4 Q. Did you talk to anybody else about
5 what your instructions were that weekend with
6 respect to identifying unencumbered assets in
7 LBI's clearance boxes?

8 A. With respect to identifying the assets
9 and instructions, no, those all came from Mr.
10 Forrest.

11 Q. The 1.4 billion, approximately, in
12 assets that you believe were transferred from
13 LBI's clearance boxes, do you believe that they
14 include the assets that were transferred on the
15 18th of September?

16 A. No.

17 Q. Why do you say that?

18 A. Because, from my previous testimony,
19 all the assets that were transferred on the 18th
20 were reconciled through, and the assets that we
21 delivered from the 18th onward -- like I have a
22 record of all the assets that were transferred
23 beyond the 18th, and so when I surmise that it
24 was 1.4 billion, it was based off of the assets
25 that were transferred subsequent to the 18th

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1 HIGHLY CONFIDENTIAL - J. HRASKA
2 from my records.

3 Q. Does the 1.4 billion figure you have
4 testified about include assets that were
5 transferred on the 19th of September?

6 A. Yes, it does.

7 Q. And what's the approximate value, to
8 your knowledge, of the assets that were
9 transferred on the 19th?

10 A. A little bit over a billion. I
11 believe it's like 1.034 or 35 billion.

12 Q. You said that you looked across stock
13 records the weekend of the 20th and 21st for
14 assets over which there was no lien; is that
15 correct?

16 A. That's correct.

17 Q. Is it fair to conclude that the
18 results of your search for unencumbered assets
19 or assets with no lien was the results were
20 imperfect?

21 A. That's fair to say, yes.

22 Q. And it's fair to say because of the
23 800 or so Cusips that you testified earlier were
24 identified to you as actually encumbered or
25 other than unencumbered, correct?

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2 A. That's correct, yes.

3 Q. Can you tell me how you went about
4 identifying --

5 A. Can I just clarify something?

6 Q. Of course.

7 A. They were identified as -- on the
8 system as not movable or encumbered, but we
9 needed to do some more investigation because we
10 didn't know whether they truly needed to remain
11 encumbered or whether they were erroneously
12 encumbered.

13 Q. And did you do that investigation?

14 A. I didn't personally do that
15 investigation. There was -- there was a
16 reconciliation effort that took place that
17 reconciles stock record breaks which then later
18 helped unencumber some of that collateral.

19 Q. So, as I understand this, you were
20 given a list that you called an exception list;
21 is that correct?

22 A. That's correct, yes.

23 Q. Who gave you that exception list?

24 A. I don't recall the person. I remember
25 it came from Finance.

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2 Q. And Finance is?

3 A. Finance is like product control.
4 Finance -- those are the names of the
5 organization, Product Control Finance. I
6 believe it's managed now by Martin Kelly and his
7 team here at Barclays.

8 Q. And can you tell me what an exception
9 list is, please?

10 A. The exception list as defined by what
11 we're discussing was the Schedule B list
12 versus -- the official Schedule B list versus
13 the actual collateral delivered to Barclays
14 subsequent to the 18th.

15 Q. And at some point did you get a list
16 of 800 Cusips that had not been delivered? Are
17 we talking about the same list?

18 A. That's the same list, yes.

19 Q. And a reconciliation effort was then
20 undertaken; is that correct?

21 A. There was a reconciliation effort --
22 well, there was two things that were done.
23 There was a verification to see whether or not
24 those, in fact, those 800 were or were not
25 delivered. We verified that those 800 were not

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2 delivered, and then there was a reconciliation
3 just in general to resolve stock breaks at the
4 firm which was done.

5 Q. Of the 800 Cusips that you have
6 verified or your team had verified were not
7 delivered, did you determine whether or not any
8 of those securities were in fact unencumbered?

9 A. I didn't determine that, no.

10 Q. Do you know if such a determination
11 was made?

12 A. I don't, no.

13 Q. When were you given this exception
14 list?

15 A. I don't recall, honestly.

16 Q. Can you give me any idea as the
17 whether it was 2008 or 2009?

18 A. Honestly, no.

19 Q. Was it around the same time, Mr.
20 Hraska, that you were asked to go and find
21 additional unencumbered assets in Lehman's
22 clearance boxes?

23 A. Yes, but I was asked that multiple
24 times at multiple stages. We talked about it
25 over the weekend and then there was times where

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2 much further beyond that. So when you're
3 referring to -- at what period of time were you
4 referring to?

5 Q. The period of time that you can't
6 remember where you were given the exception
7 list.

8 A. Yes, so around that time, yes.

9 Q. Do you recall who asked you, at around
10 the time you were given the exception list, who
11 asked you to go and find additional unencumbered
12 assets in Lehman's clearance boxes?

13 A. At that time, it would have been
14 Robert Azerad.

15 Q. Did Mr. Azerad tell you why he wanted
16 you to go and find these additional unencumbered
17 assets?

18 A. It was in connection with the -- with
19 the Asset Purchase Agreement between Barclays
20 and Lehman.

21 Q. Did he give you any more detail than
22 that?

23 A. No.

24 Q. I think you testified that you went on
25 to identify an additional amount of unencumbered

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1 HIGHLY CONFIDENTIAL - J. HRASKA
2 assets in response to Mr. Azerad's request; is
3 that correct?

4 A. Yes, that's correct.

5 Q. And the figure I have written down is
6 approximately 6 to 7 hundred million dollars of
7 unencumbered assets that you previously had not
8 identified; is that correct?

9 A. That's correct.

10 Q. Can you tell me how you went about,
11 over the weekend of the 20th and 21st of
12 September, identifying unencumbered assets?

13 A. Sure. We -- we relied primarily on
14 GFS, which we talked about a little bit earlier,
15 which is a system that was a database aggregator
16 that took information from multiple mainframes
17 which represented the books and records of
18 Lehman Brothers.

19 We then took that data and we looked
20 for primarily assets which were held in firm
21 trading accounts, and we compared the firm asset
22 side versus the balances which were held in the
23 depositories to make sure that there was enough
24 assets in the depositories to support that
25 inventory balance, and if there was enough, we

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2 deemed that be to be unencumbered assets.

3 Q. Did you take any steps to determine
4 whether or not the assets you identified could
5 have been owned by Lehman's customers?

6 A. The accounts we searched in were firm
7 trading accounts and stock loan borrow accounts,
8 and in either of these accounts it would have
9 been deemed as inventory because it as in a firm
10 inventory trading ledger, or if it was in a
11 stock loan account, it would have been as a
12 result of having rehypothecation rights. We
13 would have been allowed to borrow it so we would
14 have used that as a source for collateral.

15 Q. Is it possible that, taking the
16 hypothetical example of 100 shares of IBM stock
17 that's sitting in the DTC box at O74, is it
18 possible that there could be a claim on that,
19 those 100 shares by both a Lehman customer and
20 by Lehman?

21 MR. SHAW: Objection, form.

22 Q. Do you understand my question?

23 A. Could you repeat it, please?

24 Q. Yes. If there are -- if there's a
25 particular Cusip or set of Cusips sitting in

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1 HIGHLY CONFIDENTIAL - J. HRASKA
2 Lehman's DTC box O74 --

3 A. Okay.

4 Q. -- is it possible that there could be
5 a claim on those Cusips by both Lehman as a firm
6 and by Lehman's customers?

7 MR. SHAW: Objection to form.

8 A. In your first question, you specified
9 a quantity and you specified whether each of
10 those could have lay to the same claim for that
11 quantity.

12 Is that still your question, or is
13 your question now in general could -- could
14 customers and firm have claim to the same Cusip
15 number, meaning the identifier, not the actual
16 number of shares?

17 Q. The actual number of shares. I meant
18 to reask my first question.

19 A. Okay. So if the stock record is
20 reconciled, you would not have situation where
21 you would have both the firm and customer having
22 a claim to the same number of shares at the
23 depository.

24 Q. Were Lehman stock records reconciled
25 fully over the weekend of September 20 and 21?

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A. No, which is what led to the inconsistencies you referenced on my set of files that I first produced.

Q. Those are those 800 Cusips that were not delivered, many of which were in fact determined ultimately to be encumbered, not unencumbered securities, correct?

A. Yes.

Q. Why were Lehman's stock records not fully reconciled over that weekend?

A. Well, as I'm sure you're aware, the financial markets were going through down -- quite of a meltdown in that period and, more specifically, Lehman Brothers. There was an inordinate amount of activity going through our clearance boxes, through our front ends and back ends processing systems.

In addition to that, there were relationship troubles with JPMorgan Chase, and as a result of that, there was information that was typically received, like file transfers that represent statement balances and things like that, that we would normally expect to receive from your custodians which were not sent to

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Lehman Brothers on either the night of the 19th or during bat cycles on the 20th. So it was very difficult to do a reconciliation without a complete set of data.

Q. Did you ever get to have a complete set of data such that you could make that reconciliation?

A. The firm received additional data. I personally wasn't in charge of those reconciliations. So, as to the nature of its completeness, I couldn't testify to that.

Q. Who was in charge of any subsequent reconciliations of the firm's stock records? And my question is with respect to Schedule B or subsequent iterations of Schedule B, as far as you're aware, sir.

A. Well, that's two questions. So there's a group that's responsible for the stock record reconciliations, which is the firm Balancing Department, which I don't remember who was in charge of it at the time, but it would have been the firm Balancing Department that's responsible for that in conjunction with the Clearance folks.

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They focused on putting the stock record back in balance, but I don't know whether there was any reconciliation once the stock record was back in balance to the original Schedule B.

Q. The securities that were transferred from Lehman to Barclays on the 19th?

A. Yes.

Q. Was it your idea to transfer those or was that the idea of someone you reported to?

A. It wasn't that it was a unique idea of my own. What it was, it was a normal course transaction, which we had previously deposited cash as a result of the problems we had the night before.

And in a repo transaction, I think I mentioned earlier, you typically wouldn't deposit cash to get cash. So it's, you know, it's a normal course transaction and it was a situation where you're not using your collateral efficiently to try to find substitute collateral. Especially in a tri-party arrangement, you have full rights to go ahead and do that, and that type of transaction is

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typically affected by Operations personnel, not Trading personnel.

So, you know, I discussed with the folks at Barclays the previous night and, you know, and at Lehman that we were going to, you know, the next morning we were going to look to do exactly that and replace the cash with, you know, substitute collateral.

Q. Can you be more specific about the names of the people you discussed this with?

A. At Barclays I spoke to John Rodefild about it, and at Lehman I would have spoke to Monty Forrest and Alastair Blackwell about it.

Q. And did Mr. Forrest and Mr. Blackwell approve of this transaction?

A. Yes, they understood it to be a normal course function that I would have done at any other point in time.

Q. So I'm clear, it was something that -- this transfer of approximately \$1.1 billion was done on your initiative, correct?

A. That's correct, yes.

Q. But what you say is this is something that was --

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1 **HIGHLY CONFIDENTIAL - J. HRASKA**
2 A. Commonplace.
3 **Q. -- commonplace in this commercial**
4 **situation?**
5 A. Yes.
6 **Q. And the underlying commercial contract**
7 **that governed this transaction was the tri-party**
8 **repo that you've testified about today?**
9 A. Yes.
10 **Q. And just so the record is clear, no**
11 **cash was ever returned to Lehman in return for**
12 **this transfer of \$1.1 billion in additional**
13 **unencumbered collateral to Bank of New York on**
14 **the 19th of September, correct?**
15 A. To my knowledge, that's correct.
16 **Q. I have a few documents to show you.**
17 **(Exhibit 147B, an e-mail sent from Mr.**
18 **Hraska to Paolo Tonucci, copying others, on**
19 **Friday, the 19th of September, 2008, marked**
20 **for identification, as of this date.)**
21 **Q. Showing you, Mr. Hraska, what I've**
22 **marked as Tab 147B. Let me know when you've had**
23 **a chance to look at that document.**
24 **(Document review.)**
25 A. Okay.

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1 **HIGHLY CONFIDENTIAL - J. HRASKA**
2 only 800 million, I don't believe it was all of
3 it that ultimately ended up getting transferred
4 over.
5 **Q. Is this 800 million part of the 1.1**
6 **million we have just been discussing that was**
7 **transferred that same day, the 19th?**
8 A. It would have been, yes.
9 **Q. You go on to say, "We may have**
10 **identified another 500 million, but I wanted to**
11 **check with you first before pledging it to**
12 **them."**
13 A. Yes.
14 **Q. Do you recall whether Mr. Tonucci**
15 **replied to you?**
16 A. I don't recall.
17 **Q. That's all I have for that document.**
18 **(Exhibit 148B, an e-mail chain, the**
19 **first in time dated September 19, 2008, at**
20 **3:43 P.M., marked for identification, as of**
21 **this date.)**
22 **Q. I've handed you a document I have**
23 **marked as Exhibit 148B. Tell me when you've had**
24 **a chance to look through it.**
25 **(Document review.)**

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1 **HIGHLY CONFIDENTIAL - J. HRASKA**
2 **Q. I'll identify this for the record as**
3 **an e-mail sent from Mr. Hraska to Paolo Tonucci,**
4 **copying others, on Friday, 19th of September,**
5 **and at this time written here 2:28 P.M. is in**
6 **GMT. So in Eastern Standard Time, that's about**
7 **10:30 in the morning.**
8 A. Uh-huh.
9 **Q. Do you recognize this document, sir?**
10 A. I do.
11 **Q. The subject is pledges. It says,**
12 **"Paolo," and you write to Mr. Tonucci, "We**
13 **managed to pledge over about 800 MM in MV to**
14 **BarCap." What does that mean?**
15 A. "MM" is a term that means millions,
16 and "MV" is market value. So the assets that we
17 had pledged over up to that point were, in our
18 estimation, from the, you know, our systems, the
19 way we had them marked, was worth about 800
20 million in value.
21 **Q. So the 800 in MV is Lehman's marks?**
22 A. Those are Lehman's marks, yes.
23 **Q. And was this a transfer that you had**
24 **instructed on Friday morning, the 19th?**
25 A. That was part of it. Being that it's

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1 **HIGHLY CONFIDENTIAL - J. HRASKA**
2 **Q. Of course, you are welcome to look at**
3 **the whole document. It's really the original**
4 **e-mail at 3:43 P.M. that I'm going to focus my**
5 **questioning on. It's a two-page document. It's**
6 **double-sided.**
7 A. I didn't realize it was double-sided.
8 I'm sorry.
9 **(Document review.)**
10 A. Okay.
11 **Q. At 3:43 P.M. on Friday, 19th, you**
12 **write to Mr. Feraca, Mr. Aronow, and others, on**
13 **the subject of an urgent tri unwind. You say,**
14 **"We pledged only 800 million of new collats to**
15 **BarCap. All is frozen."**
16 A. Are we talking about the same
17 document?
18 **(Indicating.)**
19 A. Oh, on the very last sentence. I'm
20 sorry. Okay. I'm sorry. Go ahead.
21 **Q. Do you see where it says, "We pledge**
22 **only 800 million of new collat to BarCap. All**
23 **is frozen"?**
24 A. I do, yes.
25 **Q. Does that refresh your recollection**

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about the amount of collateral you posted with
Barclays on the 19th of September?

A. It may have been the market value at that particular point in time. We are still able to pledge through -- at 3:43 it would have been a time that we still technically would have been able to pledge assets from DTC to Barclays if we determined there was availability.

So at the time, I'm comfortable that that's what it was, but as it determined later, we moved more than 800 million worth of securities.

Q. What do you mean "all is frozen"?

A. I don't know. Looking at it now, I don't really recall the context of what I was referring to with "frozen." I apologize.

Q. Does it perhaps refer to your earlier testimony and to Chase freezing the movement of any further cash?

A. To be honest, I don't know.

Q. Okay.

MR. SHAW: Are you done with this one?

MR. OXFORD: Yes.

(Exhibit 149B, an e-mail from Gene

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Lempert, to Mr. Hraska, Sunday, September 21, at 3:38 A.M. GMT, or 11:38 P.M. EST, marked for identification, as of this date.)

Q. Did you have an understanding, Mr. Hraska, that the 800 million of collateral we have just been discussing was of particular importance to the deal?

A. Can you specify the deal you're referring to?

Q. The transaction between Lehman and Barclays, the purchase transaction.

A. At that point in time, the significance of that transaction to me was that we were trying to do a substitution for part of the 7 billion that we had pledged over the previous night in cash.

Q. And what was the purpose of the substitution of this collateral for cash?

A. The purpose was purely efficiency of collateral usage. If you're going to obtain financing on a secured loan, you typically get cash, right? You pledge an asset. It wouldn't make sense to get cash and pledge cash right back again, so that's why we were looking to

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substitute securities as opposed to cash on that repo transaction.

Q. Was Lehman trading that day, the 19th?

A. Lehman was -- was trading, yes.

Q. And was the cash needed for any particular activity?

A. I don't know that I could effectively comment on that. I mean, they were trading. They would have had cash requirements. So but as to whether it was for a particular activity, I don't know.

Q. No one articulated a particular need or purpose behind this cash?

A. No.

Q. If you look at what I have marked as Exhibit 149B, please.

A. Sure.

Q. And let me know when you've had a chance to look at it.

(Document review.)

MR. OXFORD: For the record, I'll identify this as an e-mail from Gene Lempert, to Mr. Hraska, Sunday, September 21, at 3:38 A.M. GMT, or 11:38 P.M. EST.

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MR. SHAW: The previous night.

MR. OXFORD: Yes, previous night.

Thank you.

A. Okay.

Q. Do you recall this document, sir?

A. I do, yes.

Q. It appears from the document that some technical staff were trying to restore a database; is that correct?

A. Yes, that's correct.

Q. And that's the database called Magics?

A. That's correct.

Q. What is the particular file that the technical people are trying to restore, if you know?

A. This was the file of the assets transferred on the 19th which made up the 1.0345 million.

Q. Do you have an understanding of why there was an attempt made to restore this file?

A. At some point in time, I don't recall who it was, but somebody had asked that we made sure we were able to retain records of everything that we had transferred over or were

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2 we sure that all the records that we had were
3 going to be able to prove out what we
4 transferred over.

5 For the assets that were held in the
6 O74, the mechanism that we used to transfer was
7 the front end system Magics connected to our O74
8 DTC depo, and because we were delivering them to
9 the Bank of New York, which was not anyplace
10 that we had delivered prior to the 18th, we
11 weren't 100 percent sure that these records
12 would have been stored in the database. So I
13 was double-checking to make sure the database
14 hadn't been overwritten because it was a
15 brand-new process.

16 I testified a little bit earlier we
17 had no connectivity to the Bank of New York
18 prior to the 18th, so that was me confirming
19 that we in fact would have had the records
20 available to us.

21 Q. If I understand your testimony
22 correctly, it was your idea to have the file
23 restored; is that correct?

24 A. Yes, that's correct.

25 Q. Do you see on the front page of the

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1 HIGHLY CONFIDENTIAL - J. HRASKA
2 document I have marked as the exhibit that you
3 write to Mr. Lempert at 11:17 P.M. on Saturday,
4 do you see that?

5 A. Yes.

6 Q. It says you're working through the
7 night, as I imagine a number of other people
8 were. The second paragraph says, "The BarCap
9 purchase of us hinges on us having enough
10 collateral to cover shortfall."

11 What did you mean by that?

12 A. Honestly, I don't know. I assume it
13 was based off of a comment that somebody had
14 made to me, but I just don't remember the
15 particular context of that. I'm sorry.

16 Q. Do you know what "shortfall" means in
17 this context?

18 A. I don't. I mean, prior to seeing
19 this, I didn't remember making that comment, so
20 I don't.

21 Q. If I understand your testimony
22 correctly, your having restored a file that
23 relates to the transfer of a billion dollars of
24 collateral that's already gone to BarCap?

25 A. That's true, yes.

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1 HIGHLY CONFIDENTIAL - J. HRASKA
2 Q. I guess your comment doesn't make any
3 sense to me in that context. Why would the
4 restore of a file for a transfer of a billion
5 dollars of data that's already -- I'm sorry, a
6 billion dollars of collateral that's already
7 been transferred relate to the question of
8 whether or not you have enough collateral to
9 cover a shortfall?

10 MR. SHAW: Objection to form.

11 A. I honestly don't know. If I could
12 remember the context of why I wrote the
13 sentence, I would be able to answer you, but I
14 just don't remember why I put this in here.

15 Q. Maybe if you hadn't been up all night,
16 you would remember.

17 The next sentence says, "This 800
18 million is critical to the deal." Do you recall
19 writing that?

20 A. I don't recall writing it. Obviously
21 I did write it, but I don't recall writing it,
22 no.

23 Q. Sitting here today, do you know what
24 you meant when you told Mr. Lempert that this
25 800 million is critical to the deal?

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2 A. No. Quite honestly, I'm confused on
3 the number of 800 because it doesn't tie into
4 any of the other things we were talking about in
5 this. I know that on that day we transferred --
6 on the 19th, we transferred a billion-35. So I
7 honestly don't know where that 800 number ties
8 in.

9 (Exhibit 150B, Mr. Lempert to J.

10 Hraska and others, Sunday, 9/21, at 1:34
11 A.M. GMT, marked for identification, as of
12 this date.)

13 Q. I'm handing you what I have marked as
14 Exhibit 150B, which is an e-mail from Mr.
15 Lempert to you and others, Sunday, 9/21, at 1:34
16 A.M. GMT, which is 9:34 P.M. Eastern, on
17 Saturday. Let me know when you've had a chance
18 to look through that document.

19 (Document review.)

20 A. Okay.

21 Q. This is an e-mail that I think relates
22 to the same topic as Exhibit 149. On the second
23 page there's an entry in the string at 8:19 P.M.
24 There's an e-mail from you to Mr. Lempert and
25 others. It says, "Mike, I urgently need to get

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1 **HIGHLY CONFIDENTIAL - J. HRASKA**
2 a hold of a file that shows all the items we
3 pledged to BONY 885 on Friday. Pete says it was
4 around about 800 million MV. Need this for
5 Paolo. Please send to Nancy and I."
6 Is this your original request for the
7 restore to Mr. Lempert?
8 A. It is, yes.
9 Q. What's BONY 885?
10 A. This is the Bank of New York pledge
11 location at DTC.
12 Q. You say, "Need this for Paolo."
13 A. I believe --
14 MR. SHAW: There's no question
15 pending.
16 Q. What do you believe? Was this
17 something that Mr. Tonucci had asked you for?
18 A. I believe that Paolo had requested
19 that we make sure we had complete records of
20 everything that we transferred on the deal,
21 which is why I needed it for Paolo.
22 Q. You'll see there's a file attached to
23 this document and the file is named
24 Tri49192008.XLS, you see that?
25 A. I'm sorry.

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1 **HIGHLY CONFIDENTIAL - J. HRASKA**
2 that.
3 (Document review.)
4 A. Okay.
5 Q. Do you recall this document?
6 A. I do.
7 Q. First of all, if I can direct your
8 attention to the e-mail that begins at the
9 bottom of page 1, the top of page 2, from Mr.
10 Lowitt that is sent to you, Monty Forrest,
11 Alastair Blackwell and Neal Ullman.
12 Do you recall receiving that e-mail
13 from Mr. Lowitt?
14 A. I remember this string. I don't
15 particularly remember this particular blurb.
16 Q. Did you attend the 7 A.M. meeting?
17 A. I did not, no.
18 Q. Mr. Lowitt says, "Good luck getting
19 additional collateral, but to get accurate
20 presentation of the collateral is also critical
21 as we will append to the agreement," do you see
22 that?
23 A. I do, yes.
24 Q. Do you recall reading that at the
25 time?

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1 **HIGHLY CONFIDENTIAL - J. HRASKA**
2 Q. It's the attachment on --
3 A. Right. Okay. And this file behind
4 it -- that's it, right.
5 Q. Is it that file?
6 Do you believe that this is the
7 restored file of the unencumbered collateral
8 that you had transferred to the Bank of New York
9 for the benefit of Barclays on September 19,
10 2008?
11 A. Yes.
12 Q. That's all I had for that document.
13 (Exhibit 151B, an e-mail from Monty
14 Forrest to Mr. Lowitt, Mr. Blackwell, Mr.
15 Ullman and J. Hraska, copying Mr. Tonucci
16 and others, sent on Sunday, 9/21, at 9:16
17 A.M. GMT, marked for identification, as of
18 this date.)
19 Q. Mr. Hraska, I've handed you a document
20 marked Exhibit 151B, which I'll identify for the
21 record as an e-mail from Monty Forrest to Mr.
22 Lowitt, Mr. Blackwell, Mr. Ullman and you,
23 copying Mr. Tonucci and others, sent on Sunday,
24 9/21, at 9:16 A.M., GMT, or 5:16 A.M. eastern.
25 Let me know when you've had a chance to review

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1 **HIGHLY CONFIDENTIAL - J. HRASKA**
2 A. No.
3 Q. Did you have any understanding at the
4 time you received this e-mail or at any time
5 over the weekend that the work you did to
6 identify additional collateral would be appended
7 to any type of agreement?
8 A. No, unfortunately. The weekend, as we
9 discussed previously, I mean, I can't even tell
10 you how many hundreds of e-mails I got. So it's
11 conceivable that I didn't see everything in
12 every e-mail, so... I just don't recall this
13 passage.
14 Q. Monty Forrest replies to the chain and
15 he says, "We have analyzed any unencumbered
16 assets in all boxes that were not picked up by
17 financing systems." Do you know what that
18 means?
19 MR. SHAW: Objection to form.
20 A. I don't know what he means by that
21 phrase. It wouldn't have been the way I would
22 have phrased it, but ...
23 Q. How would you know how to phrase it if
24 you don't know what he means?
25 A. Well, he provides a market value of

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1 HIGHLY CONFIDENTIAL - J. HRASKA
2 the collateral, and those market values came
3 from the work that me and my team did. So I
4 don't know why he's referencing finance systems
5 here. These were collateral pieces that were
6 based in the mainframe which was picked up by
7 GFS. I'm just not sure what he's referring to
8 by "financing systems."

9 Q. So you see there's a total there, Mr.
10 Hraska, of close to \$2.3 billion?

11 A. Yes.

12 Q. Does that represent the unencumbered
13 assets that, at least as of the date of this
14 e-mail, you and your team had been able to
15 identify?

16 MR. SHAW: Objection to form.

17 A. I can't be certain. I can't be a
18 hundred percent certain. I don't know.

19 Q. Did you look for unencumbered assets
20 in any location other than those listed in the
21 e-mail from Mr. Forrest here?

22 A. We looked for all unencumbered assets
23 in the stock records. These were the ones that
24 we thought that had the highest probability of
25 having unencumbered assets in them. They were

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1 HIGHLY CONFIDENTIAL - J. HRASKA
2 our primary clearance boxes.

3 Q. Were you looking for physical
4 securities as well, Mr. Hraska, that weekend?

5 A. We had, yes, we had looked through
6 some of the clearance locations for physical
7 securities, but based on the analysis, we, over
8 the course of that weekend, weren't confident
9 enough that we could determine whether those
10 assets were unencumbered or not so we left them
11 off of this analysis.

12 Q. Did you leave physical securities off
13 not just this analysis, but any analysis of
14 unencumbered assets you provided to Mr. Forrest?

15 MR. SHAW: Objection. Vague as to
16 time.

17 Q. My question is specifically with
18 respect to this weekend of the 20th and 21st of
19 September.

20 A. We did an analysis of this weekend.
21 Based on that analysis, we didn't forward any
22 value of unencumbered securities which were
23 physical.

24 Q. You see the paragraph immediately
25 following the 2.3 billion number?

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1 HIGHLY CONFIDENTIAL - J. HRASKA

2 A. Uh-huh.

3 Q. Relates to BONY Tri Pledge line item?

4 A. Yes.

5 Q. Does that refresh your recollection
6 about any of your prior testimony about the
7 reason the file was restored?

8 A. Well, it was restored because we
9 wanted to maintain records, but according to
10 this, it appears that complete restore maybe
11 wasn't possible. But I wouldn't change my
12 reason to have requested the restore on the
13 file.

14 Q. After reading this e-mail, is it still
15 your testimony that the transfer of
16 approximately \$1.1 billion from Lehman to BONY
17 pledged to Barclays on the 19th of September
18 settled?

19 A. Yes.

20 Q. That's all I have with that exhibit.
21 I'm handing you, Mr. Hraska, a
22 one-page document that's previously been marked
23 Exhibit 93B. If you can take a look at that and
24 let me know when you've reviewed it, please.

25 I'm sorry, it's a two-page document.

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1 HIGHLY CONFIDENTIAL - J. HRASKA
2 (Document review.)

3 Q. I'll direct your attention to item 1
4 in the box, and if you would just identify for
5 the record. This document is entitled
6 "Management of Unencumbered Asset Gap."

7 Actually, let me first direct your
8 attention to the first line that says,
9 "Objective: Delivery to BCI of 1.95 billion of
10 unencumbered collateral by COB Friday, September
11 19." Do you see that?

12 A. I do, yes.

13 Q. Were you aware of any objective to
14 deliver 1.95 billion of unencumbered collateral
15 to Barclays by the close of business on Friday,
16 the 19th?

17 A. No.

18 Q. Item 1 in the box that's headed
19 "Current Status Summary" is "Actual Delivery EOD
20 Friday." Do you see that?

21 A. I do.

22 Q. Do you believe that refers to the
23 approximately \$1.1 billion of collateral that
24 we've been discussing that was transferred from
25 Lehman to Bank of New York on Friday, 19th?

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1 **HIGHLY CONFIDENTIAL - J. HRASKA**
2 A. Yes.
3 **Q. It says, "Outstanding Actions:**
4 **Validation of settled versus unsettled of**
5 **tri-party at BONY."**
6 Do you know what that means?
7 A. It means that I was expected to
8 validate whether or not those securities
9 actually made it to Bank of New York.
10 **Q. And consistent with your previous**
11 **testimony, you did actually at some point**
12 **confirm that transactions settled and those**
13 **securities made it to Bank of New York, correct?**
14 A. Yes, that's correct.
15 **Q. Okay. That's all I have for that**
16 **document.**
17 **(Exhibit 152B, an e-mail from Alastair**
18 **Blackwell to Monty Forrest and to J. Hraska,**
19 **copying Mr. Tonucci dated Monday, 22nd of**
20 **September, 10:35 A.M. GMT, marked for**
21 **identification, as of this date.)**
22 **Q. Handing you, Mr. Hraska, a one-page**
23 **document marked Exhibit 152B, which I'll**
24 **identify for the record as an e-mail from**
25 **Alastair Blackwell to Monty Forrest and to you,**

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1 **HIGHLY CONFIDENTIAL - J. HRASKA**
2 **collateral that you had identified to anybody**
3 **other than Mr. Forrest?**
4 A. I gave it to Mr. Forrest. We would
5 have to see who was CC'd on there, if there was
6 anybody on that list. I'm sure Mr. Forrest had
7 passed it on at some point, but I don't recall
8 giving it directly to anybody else besides Mr.
9 Forrest.
10 **Q. And you weren't involved in any**
11 **discussions with anybody at Barclays about the**
12 **content of that list over the weekend?**
13 A. No.
14 **Q. That's all I have for that.**
15 **(Exhibit 153B, a document bearing**
16 **Bates Nos. BCI-EX-00003796, marked for**
17 **identification, as of this date.)**
18 **Q. I'm handing you, Mr. Hraska, what I**
19 **have marked as Exhibit 153B. It's a document**
20 **produced by Barclays with a Bates range**
21 **BCI-EX-00003796, and it has an attachment that I**
22 **believe was produced in native form which is one**
23 **of the attachments that I have marked that**
24 **doesn't have any Bates numbers.**
25 Do you recall this document, sir?

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1 **HIGHLY CONFIDENTIAL - J. HRASKA**
2 **copying Mr. Tonucci dated Monday, 22nd of**
3 **September, 10:35 A.M., GMT, 6:35 A.M. Eastern.**
4 A. Okay.
5 **Q. Do you see that Mr. Tonucci originally**
6 **writes to you at approximately 4 A.M. on Monday,**
7 **22nd of September, on the subject of DTC box?**
8 A. Yes.
9 **Q. He says, "You should plan on moving**
10 **all the unencumbered collateral in the DTC box**
11 **first thing. Should correspond as closely as**
12 **possible to list agreed with Barclays over the**
13 **weekend." And you reply, "Understood."**
14 **Withdrawn. Mr. Blackwell replies.**
15 Do you know what the reference is to
16 the list that was agreed with Barclays over the
17 weekend?
18 A. I don't really know what was agreed to
19 Barclays over that weekend. I know that there
20 was a list, and I took this to be move
21 everything that we identified on our list to
22 Barclays. Again, I don't know what was agreed
23 from that list to Barclays or not because I
24 wasn't involved in those discussions.
25 **Q. Did you give your list of unencumbered**

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1 **HIGHLY CONFIDENTIAL - J. HRASKA**
2 A. May I have a minute just to review it?
3 **Q. Of course. Take your time.**
4 **(Document review.)**
5 A. Okay.
6 **Q. Do you recall this document, sir?**
7 A. Yes, I do. Well, I recall the e-mail.
8 The document I'm unable to tell that it's the
9 attachment, but I'm assuming that it's been
10 printed from this e-mail, so ...
11 **Q. The e-mail at the bottom of the chain**
12 **is from you to Mr. Rodefeld at Barclays,**
13 **correct?**
14 A. That's correct, yes.
15 **Q. It's also to Mr. John Haley?**
16 A. Yes.
17 **Q. Who is Mr. John Haley?**
18 A. Mr. Haley used to work for Mr.
19 Rodefeld. Rodefeld ran Operations in North
20 America at Barclays at the time and John Haley
21 ran the Fixed Income side of the Operations for
22 him at the time.
23 **Q. Do you know where Mr. Haley is**
24 **employed today?**
25 A. He's still employed at Barclays. I

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1 HIGHLY CONFIDENTIAL - J. HRASKA
2 believe he's in the Wealth Division.
3 **Q. Do you know who Mr. Jim Beckenhaupt --**
4 A. Beckenhaupt.
5 **Q. Is he still employed at Barclays?**
6 A. He is.
7 **Q. And you copy Mr. Monty Forrest. The**
8 **subject is Friday pledge. The e-mail reads,**
9 **"John, as per your request, here's a list of the**
10 **assets pledged Friday."**
11 A. Yes.
12 **Q. And again, it's got another attachment**
13 **TRI09192008.**
14 A. Yes, so that's referring to the file
15 we've been discussing that got pledged, you
16 know, on the 91th.
17 **Q. And then you write again to John**
18 **Rodefelf, saying, "John, here is a list of what**
19 **was scheduled to come today. We're seeing that**
20 **the collateral from O74 is shorter than we**
21 **expected by 400 million."**
22 Do you know why the collateral from
23 O74 was shorter than you expected by 400
24 million?
25 A. I remember there being a problem in

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1 HIGHLY CONFIDENTIAL - J. HRASKA
2 marked for identification, as of this date.)
3 **Q. Handing you a document, Mr. Hraska,**
4 **marked Exhibit 154B.**
5 A. Okay.
6 **Q. Which is an e-mail from you to Mr.**
7 **Rodefelf, Mr. Haley, Mr. Beckenhaupt, Monday,**
8 **22nd of September, 7:34 P.M., produced to me by**
9 **Barclays, BCI-EX-00007930 through 7931. Nothing**
10 **interesting on the second page.**
11 This appears to be a reply to the
12 e-mail we just looked at, which was 153B. Mr.
13 Rodefelf replies, "Jim, Hi. Thanks for this.
14 Do we have the schedule for the securities
15 quantities that were teed up to go today via DTC
16 but were subsequently blocked."
17 Do you recall this e-mail?
18 A. I do recall the e-mail, yes.
19 **Q. He goes on to say, "The schedule from**
20 **Friday indicates that we moved approximately 1.1**
21 **billion in collateral. Is that accurate and is**
22 **the part that you still need to deliver**
23 **(assuming the pipes open up) worth approximately**
24 **900 million?"**
25 Mr. Rodefelf asked two questions to

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1 HIGHLY CONFIDENTIAL - J. HRASKA
2 the morning of the 22nd with DTC, with the
3 settlements folks, but as to why it was 400
4 million, I don't recall.
5 **Q. What was the problem with the**
6 **settlement folks at DTC?**
7 A. The problem was is that they had
8 indicated to me that there were a bunch of stock
9 record breaks and there were a bunch of problems
10 with their records in O74, so our initial look
11 at the list that we had provided showed based on
12 that that we didn't have availability of
13 approximately 400 million.
14 **Q. Do you know whether that 400 million**
15 **relates in any way to the 800 Cusips that were**
16 **on the exception list you testified about**
17 **earlier?**
18 A. I don't know specifically whether
19 these -- because I never really reconciled this
20 out to see whether or not they were related.
21 Honestly, I don't know.
22 **Q. Okay. That's all I have for that**
23 **document. Thanks.**
24 (Exhibit 154B, a document bearing
25 Bates Nos. BCI-EX-00007930 through 7931,

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1 HIGHLY CONFIDENTIAL - J. HRASKA
2 you there. Do you know what the answers to
3 those two questions are?
4 A. The answer to the first question is
5 yes. The answer to the second question I don't
6 know.
7 **Q. Okay. You say, "We would" --**
8 **withdrawn. "We most likely would need to do**
9 **some substituting once DTC takes us out of the**
10 **box."**
11 What did you mean when you wrote that?
12 A. Which part particularly are you
13 referring to?
14 **Q. The part that I just read, "We most**
15 **likely would need to do some substituting once**
16 **DTC takes us out of the box"?**
17 A. Well, we had talked about the
18 situation before where we had identified assets
19 that we were going to try to move, and partially
20 because the stock record, we couldn't move
21 those, but also DTC at some point in the day had
22 frozen our account. So for a period of time,
23 and I don't recall whether it was for the whole
24 day or not or a temporary situation, but at the
25 time of this mail, we weren't able to do any

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1 HIGHLY CONFIDENTIAL - J. HRASKA
2 transfers.
3 Q. That's all I have for that document.
4 Could you pick out Exhibit 140B and
5 maybe 141B while you're at it.
6 A. Would these have been much earlier or
7 were these exhibits marked earlier on?
8 Q. These would have been exhibits marked
9 by Mr. Hine.
10 A. What was the number?
11 Q. 140B and 1401B.
12 A. You said 140B and 141B?
13 Q. 140 and 141.
14 A. Okay.
15 Q. Let's do 140B first.
16 A. Okay. Did you have any involvement in
17 preparing any of the schedules that are attached
18 to this document?
19 MR. SHAW: Asked and answered.
20 Q. And the answer was no?
21 A. The answer is no.
22 Q. Are you able to identify what the
23 first spreadsheet attached here is, either by
24 reference to the spreadsheet itself or by
25 reference to the e-mail? And if it helps, the

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1 HIGHLY CONFIDENTIAL - J. HRASKA
2 have -- that's what that would have referred to.
3 Q. I take it since you were not involved
4 in the preparation of this document you are not
5 able to tell me whether or not these records
6 included the 800 Cusips that were on the
7 exception list we've previously discussed?
8 A. No.
9 Q. Okay. That's all I have for that
10 document.
11 Can you have 141 in front of you,
12 please? Sorry, 141B. Same question. I just
13 wanted to make sure I understood your testimony.
14 So you were not involved in the
15 preparation of these attachments?
16 A. I was not involved in the preparation
17 of these.
18 Q. And from a review of the e-mail on the
19 attachments themselves quickly, are you able to
20 tell me what they are?
21 A. Based off the e-mail, they appear to
22 be Schedule A and B, but I --
23 Q. But beyond that, you have no
24 independent knowledge?
25 A. No. Sorry.

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1 HIGHLY CONFIDENTIAL - J. HRASKA
2 fourth paragraph of the e-mail says, "The
3 attached document entitled DTC O74 and 636
4 available. Call," is the second part of
5 Schedule B.
6 A. No, these file names don't appear
7 familiar to me. By looking at this file, this
8 doesn't look like a file that I produced.
9 Q. If you look at Bates range ending
10 52704?
11 A. 52704?
12 Q. Which is just before the second blue
13 piece of paper.
14 A. Okay.
15 Q. Do you see that?
16 A. 52704? Yes.
17 Q. Do you see at the bottom of the column
18 headed "Lehman Market Value" there's a figure
19 approximately \$269 million?
20 A. Yes, right.
21 Q. Does that refresh your recollection
22 about what this spreadsheet refers to?
23 A. 269 million was approximately one of
24 the market values from one of the DTC boxes. I
25 don't recall which, but that's what that would

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1 HIGHLY CONFIDENTIAL - J. HRASKA
2 Q. Thanks. That's all I have for that.
3 I'm handing you a document that's
4 previously been marked as Exhibit 85B. If you
5 could take a moment to look at the e-mail, and
6 in particular to the first page behind the blue
7 sheet, which is entitled "Lehman
8 Brothers/Barclays APA Lead Sheet."
9 And let me know when you've had a
10 chance to do that, please. The Bates range of
11 85B is BCI-EX-S-00004396 through 4675.
12 (Document review.)
13 A. Okay.
14 Q. Do you recognize this document, sir?
15 A. Only from the preparation I did for my
16 deposition of my 30(b)(6).
17 Q. Other than in preparation for your
18 deposition, have you ever seen this before?
19 A. No.
20 Q. Do you know who the people are who are
21 identified on this e-mail chain from Mary
22 Korycki sent September 29 at 8:19 P.M.?
23 MR. SHAW: Are you going to go through
24 each person and say who they are?
25 MR. OXFORD: Uh-huh.

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1 HIGHLY CONFIDENTIAL - J. HRASKA
2 A. Fogerty I do not know. Will Gordon I
3 do not know. Jeffrey Donaldson I don't know.
4 Al Lakhani I do not know. William Fox I do not
5 know. Mary Korycki I don't know, but I see from
6 her title she's from A & M, but I don't know
7 her. Paolo Tonucci I know. Alex Kirk I know.
8 Lori Fife I do not know. Robert Messino I do
9 not know. Rob Miller I do not know.
10 **Q. How about Danielle Pitts?**
11 A. I'm sorry, I missed that. I do not
12 know Danielle.
13 **Q. I take it you were not involved in an**
14 **APA schedules meeting on the 30th of September?**
15 A. No, sir.
16 **Q. Do you know who was involved in**
17 **compiling these --**
18 A. No.
19 **Q. -- these documents?**
20 A. Unfortunately, I don't.
21 **Q. Given the hour, it may be fortunate.**
22 **Can I ask you to turn your attention**
23 **to the lead sheet?**
24 MR. SHAW: That's the page beyond the
25 blue sheet.

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1 HIGHLY CONFIDENTIAL - J. HRASKA
2 **determine whether or not these figures are**
3 **accurate?**
4 A. No.
5 **Q. What does "positions not with no memo**
6 **seg mean"?**
7 A. That means somebody made a typo. I'm
8 not trying to be sarcastic, but it's a double
9 negative. If I had -- I'm assuming positions
10 without memo seg or with no memo seg is what
11 they were referring to, meaning positions that
12 would be unencumbered positions with memo seg.
13 Memo seg is a -- a "seg" refers to --
14 it's a short for "segregation," which would
15 mean -- "memo seg" is a shortened abbreviation
16 of segregation, which would mean that it's
17 encumbered.
18 **Q. Okay. You see there's a figure of**
19 **269,921 --**
20 A. Yes.
21 **Q. -- 343?**
22 A. Uh-huh.
23 **Q. Does that appear to be the same 269**
24 **million figure that we looked at that was the**
25 **total of one of the spreadsheets attached to**

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1 HIGHLY CONFIDENTIAL - J. HRASKA
2 **Q. Bates range is Bates number is 4398.**
3 A. 4398?
4 **Q. Do you see that?**
5 A. Yes, sir.
6 **Q. And I'm interested in the section**
7 **beginning "Unencumbered box as of Sunday,**
8 **9/21/08." Do you have any understanding of the**
9 **data that's on this schedule beginning with the**
10 **legend "Unencumbered Box"?**
11 A. Are you asking me as to whether I
12 would understand the terms and how they would
13 relate to what these things mean, or am I -- are
14 you asking whether would validate these numbers
15 if they're accurate?
16 I've never seen the document. If you
17 want me to opine as to what something says here
18 as a generic term, I can do that. I don't --
19 like I didn't help create any of these numbers
20 or these categories, but I can --
21 **Q. Have you done any independent work to**
22 **determine whether or not these figures are**
23 **accurate?**
24 A. I have not, no.
25 **Q. Have you spoken to anybody to**

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1 HIGHLY CONFIDENTIAL - J. HRASKA
2 **Exhibit 140B?**
3 MR. SHAW: Objection to form.
4 A. Can you redirect me to where in 140B
5 you asked me that question before?
6 **Q. Yes. It's 5274.**
7 A. Yes, it's the same figure.
8 **Q. Okay. Does that help you identify in**
9 **any way what that entry of 269 million refers**
10 **to?**
11 A. The legend on the left refers to 636,
12 which is a DTC depository.
13 **Q. You'll see at the left-hand side**
14 **there's an entry that reads, "Friday 9/26**
15 **Transfers." You see that?**
16 A. Yes.
17 **Q. And it appears to be a total of a**
18 **little over \$1 billion, 1.035 billion?**
19 A. Yes, that's correct.
20 **Q. Do you know what that figure**
21 **represents?**
22 A. I recognize the amount. It's the
23 amount we've referenced earlier in the
24 testimony, but I believe, again, you have
25 another typo, because to the best of my

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1 HIGHLY CONFIDENTIAL - J. HRASKA
2 knowledge, there were no transfers on 9/26. I
3 believe that's the market value of the positions
4 that were transferred on 9/19.
5 Q. If there were transfers from the DTC
6 box of Lehman to Barclays on 9/26, would you
7 know about it?
8 MR. SHAW: Objection to form.
9 A. I don't know.
10 Q. Would you expect to know about it?
11 MR. SHAW: Objection to form.
12 Incomplete hypothetical.
13 A. I would hope to know about them.
14 Q. The next set of entries relates to
15 Monday transfers. Do you see those?
16 A. Yes.
17 Q. Are you aware of any transfers from
18 Lehman to Barclays of unencumbered securities on
19 Monday, September 29?
20 A. Yes, I am.
21 Q. Are those transfers the transfers that
22 are reflected in this lead sheet totaling
23 approximately 333 million?
24 A. I recognize the 269. I can't confirm
25 the 63.

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1 HIGHLY CONFIDENTIAL - J. HRASKA
2 Q. And you believe those to be
3 unencumbered securities that were in Lehman's
4 636 box at DTC as of Monday, September 29, 2008,
5 correct?
6 A. As of Monday, I'm sorry, which date?
7 Q. As of Monday, September 29.
8 A. Yes, that's correct.
9 Q. Do you have any information about the
10 figure that appears below the 269, the second
11 269 million figure we've been looking at,
12 \$63,569,597?
13 A. No, that figure is not familiar to me.
14 Q. If you wanted to find out what that
15 figure referred to, who would you ask?
16 A. Well, in relation to this document, I
17 would ask one of the people CC'd on this e-mail.
18 Q. There's a reference in Footnote 1 to
19 chilled securities, do you see that?
20 A. Yes.
21 Q. Do you know what that chilled
22 securities are?
23 A. Yes, I know what chilled securities
24 are.
25 Q. What are they?

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1 HIGHLY CONFIDENTIAL - J. HRASKA
2 Q. How is it you recognize the 269?
3 A. I recognize the 269 as positions that
4 we had in 636.
5 Q. I notice that the figure that you say
6 you recognize of a Monday transfer of
7 \$269,921,368 is similar to the figure above?
8 A. Yes.
9 Q. At 36 -- sorry, 636?
10 A. Right.
11 Q. But not identical?
12 A. Yes, that's true.
13 Q. Do you believe the relationship
14 between these figures is anything other than
15 coincidental?
16 A. I'm sorry, could you repeat that one
17 more time?
18 Q. Do you believe there's any
19 relationship between those two figures of 269
20 million as they appear on this page?
21 MR. SHAW: Objection to form.
22 A. I believe they are the same block of
23 securities, meaning that this is what was deemed
24 to be available and this was when it was
25 actually transferred.

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1 HIGHLY CONFIDENTIAL - J. HRASKA
2 A. They are securities which have their
3 movement between DTC locations restricted for
4 one reason or another.
5 Q. That's all I have for this document.
6 (Exhibit 155B, a document bearing
7 Bates Nos. BCI-EX-S-00017385 and 7386,
8 marked for identification, as of this date.)
9 Q. I'm handing you, Mr. Hraska, what I
10 have marked as Exhibit 155B, a document marked
11 BCI-EX-S-00017385 and 7386. The attachment was
12 produced to me in native form, which is why it
13 doesn't have a Bates range.
14 MR. SHAW: So that's also why a number
15 of columns are truncated.
16 Q. If you could let me know when you've
17 had a chance to review that, Mr. Hraska, I've
18 got a couple questions.
19 (Document review.)
20 A. Okay.
21 Q. Do you recognize this document?
22 A. I do, yes.
23 Q. It appears to be a document e-mailed
24 by Mr. Forrest to Alastair Blackwell and Mr.
25 Tonucci, copying you, on the subject of

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1 **HIGHLY CONFIDENTIAL - J. HRASKA**
2 **"additional collateral moved to BarCap." Is**
3 **that right?**

4 A. That's correct, yes.

5 **Q. There's an attachment to this**
6 **document. Were you involved in creating it?**

7 A. My team provided the data to create
8 it, but we didn't actually create it.

9 **Q. When you say "your team," who do you**
10 **mean by "your team"?**

11 A. Meaning myself, and this particular
12 data was provided by myself and Nancy Denig.

13 **Q. Do you have a recollection of**
14 **providing this data specifically to Mr. Forrest**
15 **on or around September 30, 2008?**

16 A. Yes.

17 **Q. Do you know the purpose for which you**
18 **were providing this data to Mr. Forrest?**

19 A. He had asked me for a summary of
20 collateral that we had transferred to Barclays
21 from the 19th to present day that we actually
22 physically were able to move from the Lehman
23 depositories over to Barclays.

24 **Q. Where did you find the information to**
25 **provide to Mr. Forrest?**

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1 **HIGHLY CONFIDENTIAL - J. HRASKA**
2 earlier about the inconsistencies with the stock
3 record and the initial collateral availability
4 lists that were provided not being accurate, so
5 after we had moved over some of the collateral,
6 and as the stock record breaks cleared up, we
7 kept looking for -- looking at the stock record
8 and trying to find additional available
9 collateral that was now unencumbered as a result
10 of resolution of the breaks.

11 **Q. Do you recall for how long you were**
12 **engaged in that effort to find additional**
13 **unencumbered collateral?**

14 A. During which timeframe?

15 **Q. At any time post the closing of the**
16 **transaction between Lehman and Barclays on the**
17 **22nd of September, 2008?**

18 A. I was involved in an effort up until
19 probably approximately a month ago.

20 **Q. Who else was involved in that effort?**

21 A. Robert Azerad's team.

22 **Q. Who is on Mr. Azerad's team with**
23 **respect to this effort?**

24 A. Well, he's no longer on the team
25 anymore. It would have been a gentleman by the

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1 **HIGHLY CONFIDENTIAL - J. HRASKA**

2 A. They were from spreadsheet records
3 that I had kept in my group. The same
4 spreadsheet records which we referenced earlier
5 had been reconciled with both the Barclays
6 Operations folks and Bank of New York.

7 **Q. Are these spreadsheets you took with**
8 **you when you moved to Barclays?**

9 A. The spreadsheets are saved in a common
10 drive somewhere. I don't know that I still have
11 access to them or not.

12 **Q. "Mr. Hraska, here is a summary of the**
13 **what has been moved in order to satisfy the**
14 **additional collateral move of 1.95 billion to**
15 **BarCap. I had also shown the outstanding amount**
16 **due. We will continue to identify available**
17 **unencumbered collateral as the stock record**
18 **breaks clean up."**

19 **Do you see that?**

20 A. Yes.

21 **Q. Do you know what Mr. Forrest meant**
22 **when he said, "We will continue to identify**
23 **available unencumbered collateral as the stock**
24 **record breaks clean up"?**

25 A. Yes. When we had spoke a little

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1 **HIGHLY CONFIDENTIAL - J. HRASKA**
2 name of Colin Telmer, T-E-L-M-E-R. He's still
3 employed at Barclays. He's just not working
4 with Mr. Azerad anymore.

5 **Q. Anybody else?**

6 A. There was another gentleman initially
7 involved, but he subsequently left the firm, and
8 as well Mr. Telmer took over his work and
9 continued -- his name was John Virgil Del Dios,
10 I believe. I'm not exactly a hundred percent
11 sure of the spelling of that. I believe it's
12 D-E-L D-I-O-S, but best I can do.

13 **Q. Do you understand that this effort to**
14 **identify additional collateral to move from**
15 **Lehman to Barclays is still ongoing within**
16 **Barclays, or do you believe that it's complete?**

17 A. From my perspective, I believe it's
18 complete. I haven't been asked to do anything
19 else in probably at least a month or so's time.

20 **Q. Who asked you to identify this**
21 **additional collateral?**

22 A. Robert Azerad.

23 **Q. These requests at any time from**
24 **September 30th or thereabouts, 2008, until about**
25 **a month ago all came from Mr. Azerad?**

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1 **HIGHLY CONFIDENTIAL - J. HRASKA**
2 A. Yes.
3 **Q. Did you have any conversations with**
4 **anybody other than Mr. Azerad, Mr. Telmer, and**
5 **Mr. Del Dios about your ongoing efforts to**
6 **identify additional unencumbered assets to be**
7 **moved from Lehman's clearance boxes to Barclays?**
8 A. I had conversations just to keep them
9 informed of my activities with both Messieurs
10 Forrest and Blackwell.
11 **Q. Could you take a look at the last page**
12 **of the spreadsheet that I have marked as Exhibit**
13 **155B.**
14 A. Uh-huh.
15 **Q. This spreadsheet includes data that**
16 **you provided to Mr. Forrest?**
17 A. Yes, that's correct.
18 **Q. Do you believe that data is accurate?**
19 A. Yes. The one thing that -- the one
20 thing that I'm not sure is accurate is the
21 market value of the BONY, the BONY pledge. I
22 knew that value to be a little bit less, so I'm
23 not sure why that's not a billion-035 that we've
24 been discussing.
25 **Q. And the second entry is the \$269**

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1 **HIGHLY CONFIDENTIAL - J. HRASKA**
2 settlement teams to get that transferred.
3 **Q. Did you or anyone on your team do any**
4 **due diligence to satisfy yourself that those**
5 **assets were not encumbered?**
6 A. Yes.
7 **Q. Can you tell me briefly what that was?**
8 A. Myself and the Settlements Team headed
9 by Neal Ullman verified that those were in fact
10 unencumbered and those transfers both for 636
11 and O74 were verified by Deloitte.
12 **Q. Who at Deloitte verified them?**
13 A. Ultimately, Margo -- I forgot her last
14 name.
15 **Q. Marlo.**
16 A. Marlo Karp.
17 **Q. And it's your testimony that Marlo**
18 **Karp verified them as transfers of Lehman's**
19 **proprietary assets that were to be transferred**
20 **from Lehman to Barclays under the purchase**
21 **agreement?**
22 A. I know that Marlo was involved in the
23 approval. I don't know if she was specifically
24 the one that did the verification. I know that
25 she was aware of it and someone from her team

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1 **HIGHLY CONFIDENTIAL - J. HRASKA**
2 **million transfer from Box 636 on the 29th of**
3 **September that we discussed previously, yes?**
4 A. Yes, that's correct.
5 **Q. There's another entry under Summary of**
6 **Collateral Moved from O74?**
7 A. Yes.
8 **Q. A transfer on 9/30/09, do you see**
9 **that?**
10 A. Yes.
11 **Q. That transfers, as reflected here, is**
12 **of \$161,482,771, do you see that?**
13 A. Yes.
14 **Q. Do you know anything about that**
15 **transfer?**
16 A. That was the value of the assets that
17 were transferred on the 30th from O74 to
18 Barclays.
19 **Q. And were you involved in that**
20 **transfer?**
21 A. Yes.
22 **Q. What was your involvement in that**
23 **transfer?**
24 A. My involvement was can you help
25 identify the assets and coordinate with the

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1 **HIGHLY CONFIDENTIAL - J. HRASKA**
2 did the verification.
3 **Q. Do you have an understanding as to**
4 **when this verification that you say happened by**
5 **Deloitte, do you understand when it happened?**
6 A. It would have happened a few days
7 prior to the transfer dates.
8 **Q. If you were to learn that Deloitte was**
9 **not engaged by the trustee as of the date of**
10 **this supposed transfer, would that change your**
11 **testimony?**
12 A. No.
13 **Q. You still think even though they**
14 **weren't engaged they still did the verification?**
15 A. I know for a fact that they approved
16 these transfers.
17 **Q. How is it you can be so certain? Did**
18 **you talk to someone about it?**
19 A. Well, I had conversations with Neal
20 Ullman, who said that that transfer was
21 approved, and I believe I have e-mails stating
22 that fact. But I'm not a hundred percent
23 certain, but I believe I do.
24 **Q. So the basis of your -- because you**
25 **just testified that you were certain Deloitte**

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1 **HIGHLY CONFIDENTIAL - J. HRASKA**
2 approved these transfers a few days prior to the
3 29th and 30th. That was your testimony,
4 correct?

5 A. Yes, it was.

6 Q. And the basis of your sworn testimony
7 is that Mr. Ullman told you this?

8 A. Yes.

9 Q. And you're sure that Mr. Ullman told
10 you Deloitte approved them?

11 A. I'm -- I thought, unless it was the
12 trustee approved them. They were definitely
13 approved, according to him, so -- it's my
14 recollection that it was Deloitte, but I -- it's
15 possible that it was the trustee itself and
16 not -- not Deloitte.

17 Q. And any information you have about the
18 approval of these transfers, whether by Deloitte
19 or the trustee or the trustee's staff, comes
20 from which sources, Mr. Ullman?

21 A. Mr. Ullman, yes.

22 Q. Any other source?

23 A. No. I didn't see, if you're asking
24 for approval, I didn't see an approval document
25 from Deloitte or the trustee themselves.

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1 **HIGHLY CONFIDENTIAL - J. HRASKA**

2 Q. Have you seen any correspondence
3 reflecting that Deloitte or the trustee approved
4 this transfer?

5 A. I can't be certain about that.

6 Q. By this transfer, that was a bad
7 question, but I meant both the transfers on the
8 29th and the 30th that are reflected in this
9 document?

10 A. Yes.

11 Q. So, apart from this conversation with
12 Mr. Ullman, you have no independent basis to
13 testify that Deloitte or the trustee approved
14 these transfers on these dates, correct?

15 A. That would be correct.

16 Q. Do you remember when the conversation
17 with Mr. Ullman took place?

18 A. It should have taken place on the --
19 prior to the transfers. Period of a few days
20 prior to the transfers. I can give you a range.
21 I don't know specifically what date.

22 Q. That's fine. Thank you.

23 Is it possible that those transfers
24 relate to the repo transaction? And "those
25 transfers," again, I'm referring to the

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1 **HIGHLY CONFIDENTIAL - J. HRASKA**
2 transfers on the 29th and 30th of September from
3 the 636 and O74 boxes at DCT that are reflected
4 on the spreadsheet attached to Exhibit 155B.

5 A. So you're referring to the 29th and
6 30th, these transfers?

7 Q. Yes.

8 MR. SHAW: Objection to form.

9 A. I'm sorry, could you read back the
10 question?

11 (Record read.)

12 A. No.

13 Q. How is it you can be sure of that?

14 A. Because the repo had a maturity date
15 of September 25th, and prior to the maturity
16 date, the repo had been declared in default.

17 Q. Just moving down that summary page,
18 sir, it reads, "Amount identified to be moved to
19 BarCap, \$1.95 billion." Was that a figure that
20 you provided to Mr. Forrest?

21 A. No.

22 Q. So this -- the math here about the
23 delta between the 1.95 billion and the total of
24 the amount of unencumbered security transferred
25 of 1.587 billion, that's Mr. Forrest's math?

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1 **HIGHLY CONFIDENTIAL - J. HRASKA**

2 A. Yes.

3 Q. Do you believe that that figure of
4 total pledged/transferred that appears in this
5 spreadsheet we're looking at is an accurate
6 reflection of the collateral moved from Lehman's
7 unencumbered box to Barclays between the 19th
8 and 30th of September, 2008?

9 MR. SHAW: Objection. Asked and
10 answered.

11 A. Yes, with the exception of the
12 discrepancy on market value, that I believe the
13 market value to be a billion-035.

14 Q. Right. I appreciate that
15 clarification. You did say that.

16 You testified in response to one of
17 Mr. Hine's questions that you believed that
18 there was an additional amount of somewhere
19 between 6 and 7 hundred million dollars of
20 unencumbered securities --

21 A. Uh-huh.

22 Q. -- that you understand was due from
23 Lehman to Barclays?

24 A. Yes, that's correct.

25 Q. That's obviously a different number to

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1 **HIGHLY CONFIDENTIAL - J. HRASKA**
2 **this delta figure of 362 million here?**
3 A. Yes, that's correct.
4 **Q. Do you have any understanding of the**
5 **reason for the difference?**
6 A. Well, this is purely a delta of the
7 two figures that Mr. Forrest provided. The 600
8 to 700 million that I was referring to were
9 based off an analysis of unencumbered securities
10 in the Lehman boxes at a later date and time.
11 So I think that's where there's a discrepancy
12 because of the timing.
13 **Q. Are you able to estimate a total of**
14 **the unencumbered securities in the various**
15 **Lehman clearance boxes that you reviewed, either**
16 **over the weekend of the 20th and 21st of**
17 **September or subsequently, are you able to give**
18 **me a total of the unencumbered securities that**
19 **you believe you identified?**
20 A. On that weekend? Or, when you say
21 "subsequently"?
22 **Q. At any time subsequently. Obviously**
23 **you identified a figure that fluctuated, as we**
24 **saw in the documents that we looked at and you**
25 **looked at with Mr. Hine of approximately 1.9 to**

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1 **HIGHLY CONFIDENTIAL - J. HRASKA**
2 A. That's correct, yes.
3 **Q. Last document.**
4 **(Exhibit 156B, a letter from Cleary**
5 **Gottlieb Stein & Hamilton is James Kobak at**
6 **Hughes Hubbard dated October 6, 2009, marked**
7 **for identification, as of this date.)**
8 **(Discussion off the record.**
9 **(Recess; Time Noted: 5:24 P.M.)**
10 **(Time Noted: 5:30 P.M.)**
11 BY MR. OXFORD:
12 **Q. You testified in response to a**
13 **question from Mr. Hine that you had been**
14 **involved, Mr. Hraska, in efforts to refine**
15 **Schedule B, do you remember saying that?**
16 A. Yes.
17 **Q. Can you tell me briefly about those**
18 **efforts to refine Schedule B?**
19 A. I don't know that I testified that I
20 was involved in an effort to refine Schedule B
21 but, rather, to identify additional assets that
22 perhaps were not on the original Schedule B that
23 were unencumbered.
24 **Q. And you were also involved, I think**
25 **you testified, in ascertaining that certain**

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1 **HIGHLY CONFIDENTIAL - J. HRASKA**
2 **2 billion dollars?**
3 A. Yes.
4 **Q. And you've subsequently identified**
5 **additional collateral you say of at least a few**
6 **hundred million?**
7 A. That's correct.
8 **Q. Correct. Are you able to give me,**
9 **just in broad terms, an estimate of the total**
10 **amount of unencumbered collateral that you**
11 **believe you have identified?**
12 A. That would be available let's say as
13 of today if nothing had happened in the
14 clearance box?
15 **Q. Yes. That's a much better question**
16 **than I would have been able to articulate.**
17 **Thank you.**
18 A. Yes, that's the 6 to 7 hundred million
19 dollar figure.
20 **Q. And the total would be the 6 to 7**
21 **hundred million dollar figure plus this \$1.587**
22 **billion figure that has already been transferred**
23 **subject, of course, to your caveat that you**
24 **believe the BONY Tri Pledge number may be off by**
25 **a factor of 10 percent or so, is that correct?**

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1 **HIGHLY CONFIDENTIAL - J. HRASKA**
2 **assets that were on the exception list were in**
3 **fact encumbered and unavailable for delivery; is**
4 **that correct?**
5 A. I'm sorry, could you repeat that
6 question or just read it back to me?
7 (Record read.)
8 A. That they were unavailable for
9 delivery. I can't be certain that they were
10 unencumbered; just they were unavailable for
11 delivery.
12 **Q. Why would they be unavailable for**
13 **delivery other than the fact that they are**
14 **encumbered?**
15 A. It's possible that at a point in time
16 a particular asset wouldn't have been in the
17 actual box itself. So, in other words, there
18 might have been an inventory position versus a
19 break account instead of versus the actual
20 repository.
21 **Q. Can you take a look at what I've**
22 **marked as 156B?**
23 A. Sure.
24 **Q. Which is a letter from Cleary Gottlieb**
25 **Stein & Hamilton is James Kobak at Hughes**

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1 **HIGHLY CONFIDENTIAL - J. HRASKA**
2 Hubbard dated October 6, 2009.
3 Do you see that there are certain
4 attachments to that letter? There are two
5 spreadsheets attached to that letter at the
6 back.
7 If you could take a moment to review
8 the spreadsheets and let me know, first of all,
9 if you need a magnifying glass and, second of
10 all, if you had any involvement in preparing
11 these spreadsheets.
12 (Document review.)
13 A. The spreadsheets are not titled like
14 the content of the spreadsheet.
15 Q. There's the description on the last
16 paragraph of page 2 going into page 3.
17 A. Okay. Last paragraph of page 2,
18 you're saying, right?
19 Q. Yes. The second line reads, "The
20 revised spreadsheet attached hereto as Exhibit A
21 lists undelivered clearance box assets having
22 Cusip numbers in which no LBI customers had long
23 positions on September 20, 2008."
24 MR. SHAW: Why don't you take a minute
25 to read that paragraph of the letter.

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1 **HIGHLY CONFIDENTIAL - J. HRASKA**
2 A. Yes.
3 Q. Tell me about your involvement in that
4 process.
5 A. Sometime in October, we had changed
6 the sourcing of our search from unencumbered
7 collaterals from GFS to the pure stock record of
8 ADP, and the reason we did that is that we felt
9 that to be a more accurate source at that time
10 because, by that time, a lot of the stock record
11 breaks had been resolved and we were going to
12 go -- and the other mainframe, the MTS
13 mainframe, we felt was exhausted so there was no
14 need to use GFS to try to aggregate all that
15 data together at that point.
16 Also, GFS became a system that was
17 purchased or became part of the property that
18 was purchased by Barclays, so we thought it was
19 better just to refer to the pure mainframe,
20 which was considered books and records. And the
21 methodology used was that we took a download of
22 the data from the technology folks of everything
23 on the stock record, and the logic that was
24 employed was that the first query was to return
25 us all the situations where there was a firm

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1 **HIGHLY CONFIDENTIAL - J. HRASKA**
2 Were you serious about the offer of a
3 magnifying glass? Because I could use one.
4 MR. OXFORD: I actually think I have
5 larger copies, which I don't intend to mark.
6 A. I can't tell where Schedule A and B
7 are cut off.
8 Q. Exhibits A and B?
9 A. I'm sorry, Exhibits A and B.
10 (Document handed.)
11 MR. SHAW: What is this you have
12 handed us? Is this A, B, or --
13 MR. OXFORD: These are blown up
14 versions of Exhibits A and B to the Cleary
15 letter dated March 6. I don't think Cleary
16 marked them as either Exhibits A or B.
17 Q. Mr. Hraska, I don't mean to cut short
18 your time to review these documents, but maybe
19 we can short-circuit it a little bit this way.
20 Do you recall being involved in the
21 preparation of these documents or any analysis
22 to determine lists of undelivered clearance box
23 assets having Cusip numbers in which no LBI
24 customers had long positions as of September 22,
25 2008?

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1 **HIGHLY CONFIDENTIAL - J. HRASKA**
2 inventory long offset by a depo short, which
3 would be the depository, you know, off side of
4 that position, and where the Cusip had no other
5 position reflected on the stock record. So,
6 therefore, no customer positions or anything of
7 that nature.
8 So, in our mind, we felt that that was
9 very clearly firm inventory only, there was no
10 chance that there was customer collateral in
11 that mix, and as long as there was a depo short
12 which offset to the asset long, we felt
13 confident that that would be considered a firm
14 unencumbered asset.
15 The next query was, there were Cusips
16 where there were a mix of firm inventory ledgers
17 long and customer account longs. Those
18 positions would have been offset by, again, a
19 position in depo. Every long has a short in an
20 amount in the stock record. And the -- to be as
21 conservative as possible on the second list --
22 so the first list became known as List A in our
23 terms, right? The second list became known as B
24 and we had to subdivide it. So it became --
25 there is a B1 and a B2.

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HIGHLY CONFIDENTIAL - J. HRASKA

B1 was the situation where we compared the total amount of customer positions into the total amount in the depo, and we reduced the amount of the depo balance by the customer long position, and to the extent that anything was left after reducing that balance down by what the customer was long, we took that to be firm unencumbered assets.

So just to -- because there's a lot just to recoup that. So there was positions where we had inventory in customer longs that were mixed. To be conservative, we secured the customer positions regardless of them having debit balances or not. We said, to be the most conservative, just reserve the amount of customer long position, take it out of the position in the depo, and whatever was left in the depo would be considered List B1.

The B2 list was, looking at that same population, we said, as a lender of cash or an extension of credit to clients, you're entitled to rehypothecate up to 140 percent of the debit balance. So what we did then is we looked at situations where clients had long positions but

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HIGHLY CONFIDENTIAL - J. HRASKA

they were running a debit balance, and to the extent that they ran a debit balance, we claimed that we had entitlement to a hundred percent of the debit balance of the securities that were long in those customers' accounts, and that became B2.

And the last sample population was scenarios where the only positions on the stock record were customer long versus the depo position, and those scenarios, using the same rules I just described about the margin debit balances, we looked at customer margin debit balances, and to the extent that they had margin debit balances, we took 100 percent of the market value, or we took market value equal to 100 percent of the debit balance. That became list C.

Q. That's B3. That's the --

A. Well, the way I classified them is the way I knew them. So there was A, there was B1 and B2, and C. There was some discussions about, because of the margin debit balance calculation, there was some discussion about combining B2 and C into one list by Robert

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HIGHLY CONFIDENTIAL - J. HRASKA

Azerad's team. I don't know if they ever combined those lists or not. That may have become, as you reference, either B3 or a C list, I don't know.

Q. In the analysis that you have just described for me, did you make any distinction between customers whose accounts were transferred to Barclays and customers whose accounts were not transferred to Barclays?

A. In the analysis that we did, we used the stock record of Lehman Brothers, Inc. prior to those customers being put on the stock record. The -- well, wait. Let me clarify that.

The stock record we used was a solely Lehman Brothers stock record. The stock record that Barclays now owns as a result of the technology that it had purchased in the Lehman acquisition is a different stock record. So it's the same -- it's the same mainframe and it's the same vendor provider, but it's a completely different set of records from Lehman Brothers.

Q. Are you able to summarize for me how

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HIGHLY CONFIDENTIAL - J. HRASKA

it's different?

A. The Lehman Brothers stock record only has the Lehman Brothers entity and the -- and all the Lehman Brothers stock record data, whereas the new stock record is purely the activity that's in the new Barclays Wealth Entity and the Barclays activity that resides on ADP Company 224.

The legal entities on ADP are known as these company codes. So 224 is a BCI company code on ADP, and that stock record is related to the BCI entity on ADP. The company code for LBI was 012, and it was, again, held on a different version of ADP.

So the vendor basically copied the functionality that he provided us under Lehman Brothers and provided a new instance of the package and the software and everything else, but it was a completely different entity and it was a different software.

Q. Who else was involved with you in this effort to create lists A, B and C?

A. Robert Azerad, Colin Telmer. There was some -- there was some Barclays Finance

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1 HIGHLY CONFIDENTIAL - J. HRASKA
2 folks who were also reviewing some of the
3 spreadsheets that we had produced over that
4 period. I don't recall who was on the Barclays
5 finance side, but I'm sure Robert would.

6 And to the extent we had questions
7 about a particular status of a clearance box or
8 anything like that, Neal Ullman would have been
9 consulted.

10 **Q. Do you believe, Mr. Hraska, that the**
11 **work you, along with Mr. Azerad and others, did**
12 **to create lists A, B and C are ultimately**
13 **reflected in the spreadsheets that are attached**
14 **to the Cleary letter of March 6?**

15 A. These are versions of the spreadsheets
16 it looks like in form that we used. I'm not a
17 hundred percent certain that these are the final
18 spreadsheets that Colin and I agreed that came
19 up to the total in assets.

20 List A appears to have all 931
21 accounts on it, and the 931 range that -- the
22 prefix of this account, are all firm inventory
23 ledgers. So it appears to be the list that's
24 first described in that letter. However, I
25 can't be a hundred percent certain since I

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1 HIGHLY CONFIDENTIAL - J. HRASKA
2 didn't actually provide it.

3 **Q. Are you able to draw any similar**
4 **conclusions about the second spreadsheet that is**
5 **attached to the Cleary letter and any work that**
6 **you and your team did in preparing the data that**
7 **may have gone into it?**

8 A. This was one of the initial data
9 spreadsheets that was used to analyze the B1, B2
10 relationship, but there was a summary document
11 which was prepared based on the findings which,
12 you know, broke out what we felt was B1 and
13 which I, being conservative, reserving customer
14 assets versus there was a separate schedule
15 which then broke out what we thought, based off
16 of margin debit balances, what the entitlements
17 would be for that B2 and C. That doesn't appear
18 to be included in these documents, at least the
19 way I understood them to be.

20 **Q. Was there any other documentation**
21 **provided or created by you and your team as a**
22 **result of the effort to identify lists A, B and**
23 **C as you've testified?**

24 A. Nothing more than what I just
25 described to you, no.

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1 HIGHLY CONFIDENTIAL - J. HRASKA
2 **Q. That's all I have on those.**
3 **I'm hoping -- I think we're all hoping**
4 **the answer to this is no. Did you have any**
5 **involvement in the calculation or recalculation**
6 **of Lehman's 15c3-3 requirements over the weekend**
7 **of September 20th and 21st?**

8 A. No.

9 (Continued on the next page to include
10 the jurat.)

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1 HIGHLY CONFIDENTIAL - J. HRASKA
2 **Q. Did you have any discussions with**
3 **anybody about the recalculation of Lehman's**
4 **15c3-3 requirement?**

5 A. No.

6 MR. OXFORD: I've got nothing further
7 for you, Mr. Hraska. Thank you.

8 THE WITNESS: You're welcome.

9 MR. KAY: No questions.

10 MR. HINE: I think we're done, unless
11 you have any, John.

12 MR. SHAW: Tempting though it is, I
13 will declare this deposition closed.

14 MR. OXFORD: Thank you very much.

15 THE WITNESS: Thank you.

16 (Time Noted: 5:53 P.M.)
17
18
19

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21
22
23
24
25

JAMES HRASKA

Subscribed and sworn to
before me this day
of 2009.

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1	HIGHLY CONFIDENTIAL - J. HRASKA	1	HIGHLY CONFIDENTIAL - J. HRASKA
2	CERTIFICATE	2	INDEX
3	STATE OF NEW YORK)	3	WITNESS: EXAMINATION BY PAGE
4	: ss	4	J. HRASKA Mr. Hine 5
5	COUNTY OF NEW YORK)	5	Mr. Oxford 239
6	I, Kathy S. Klepfer, a Registered	6	EXHIBITS: PAGE
7	Merit Reporter and Notary Public within and	7	Exhibit 136B, a document bearing Bates 16
8	for the State of New York, do hereby	8	Nos. BCI-EX-00077317 through 77319
9	certify:	9	Exhibit 137B, a document bearing Bates 90
10	That JAMES HRASKA, the witness whose	10	Nos. 10294679 with attached spreadsheets
11	deposition is herein before set forth, was	11	Exhibit 138B, an e-mail chain, the first 92
12	duly sworn by me and that such deposition is	12	one in time bearing a date of September 18,
13	a true record of the testimony given by such	13	2008, at 5:40 P.M.
14	witness.	14	Exhibit 139B, Printout of Schedules 112
15	I further certify that I am not	15	Exhibit 140B, a document bearing Bates Nos. 131
16	related to any of the parties to this action	16	BCI-CG00052538 through 53173
17	by blood or marriage and that I am in no way	17	Exhibit 141B, a document bearing Bates Nos. 134
18	interested in the outcome of this matter.	18	BCI-CG00055192 through 55629
19	I further certify that neither the	19	Exhibit 142B, a document bearing Bates Nos. 178
20	deponent nor a party requested a review of	20	465401 and 466143
21	the transcript pursuant to Federal Rule of	21	Exhibit 143B, an e-mail chain, the first 190
22	Civil Procedure 30(e) before the deposition	22	in time dated September 17, 2008, at 2:42,
23	was completed.	23	with attachment
24	In witness whereof, I have hereunto	24	Exhibit 144B, a document bearing Bates 195
25	set my hand this 14th day of August, 2009.	25	Nos. 10297377 through 10300510

	KATHY S. KLEPFER, RPR, RMR, CRR, CLR		
Page 324		Page 325	
1	HIGHLY CONFIDENTIAL - J. HRASKA	1	HIGHLY CONFIDENTIAL - J. HRASKA
2	INDEX	2	INDEX
3	EXHIBITS: PAGE	3	EXHIBITS: PAGE
4	Exhibit 145B, a document bearing Bates 211	4	Exhibit 152B, an e-mail from Alastair 274
5	Nos. 10328099 through 10319396	5	Blackwell to Monty Forrest and to J.
6	Exhibit 146B, a document bearing Bates 230	6	HRASKA, copying Mr. Tonucci dated Monday,
7	Nos. BCI-EX-(S)-00014389 through 14393	7	22nd of September, 10:35 A.M. GMT
8	with attachment	8	Exhibit 153B, a document bearing Bates 276
9	Exhibit 147B, an e-mail sent from Mr. Hraska 254	9	Nos. BCI-EX-00003796
10	to Paolo Tonucci, copying others, on Friday,	10	Exhibit 154B, a document bearing Bates 279
11	the 19th of September, 2008	11	Nos. BCI-EX-00007930 through 7931
12	Exhibit 148B, an e-mail chain, the first 256	12	Exhibit 155B, a document bearing Bates 293
13	in time dated September 19, 2008, at 3:43 P.M.	13	Nos. BCI-EX-S-00017385 and 7386
14	Exhibit 149B, an e-mail from Gene Lempert, 259	14	Exhibit 156B, a letter from Cleary 308
15	to Mr. Hraska, Sunday, September 21, at 3:38	15	Gottlieb Stein & Hamilton is James Kobak
16	A.M. GMT, or 11:38 P.M. EST	16	at Hughes Hubbard dated October 6, 2009
17	Exhibit 150B, Mr. Lempert to J. Hraska 265	17	
18	and others, Sunday, 9/21, at 1:34 A.M. GMT	18	
19	Exhibit 151B, an e-mail from Monty Forrest 267	19	
20	to Mr. Lowitt, Mr. Blackwell, Mr. Ullman	20	
21	and J. Hraska, copying Mr. Tonucci and	21	
22	others, sent on Sunday, 9/21, at 9:16	22	
23	A.M. GMT	23	
24		24	
25		25	

1 HIGHLY CONFIDENTIAL - J. HRASKA
2 NAME OF CASE: In re Lehman Brothers
3 DATE OF DEPOSITION: August 14, 2009
4 NAME OF WITNESS: James Hraska
5 Reason Codes:
6 1. To clarify the record.
7 2. To conform to the facts.
8 3. To correct transcription errors.
9 Page _____ Line _____ Reason _____
10 From _____ to _____
11 Page _____ Line _____ Reason _____
12 From _____ to _____
13 Page _____ Line _____ Reason _____
14 From _____ to _____
15 Page _____ Line _____ Reason _____
16 From _____ to _____
17 Page _____ Line _____ Reason _____
18 From _____ to _____
19 Page _____ Line _____ Reason _____
20 From _____ to _____
21 Page _____ Line _____ Reason _____
22 From _____ to _____
23 Page _____ Line _____ Reason _____
24 From _____ to _____
25 _____
 JAMES HRASKA